



Baltic Sea Food

LOCAL FOOD BUSINESS-TO-BUSINESS DISTRIBUTION MODEL

 **Interreg**
Baltic Sea Region



EUROPEAN
REGIONAL
DEVELOPMENT
FUND

Baltic Sea Food



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Figure 1: Canvas business model as themes for building-blocks of a local food distribution network.

1 INTRODUCTION AND BACKGROUND

The Baltic Sea region (BSR) has increasing local food production and an increasing interest from customers for their products. Local food can be defined as “Food and beverages with a local identity, distinctive origin or special qualities related to production method, tradition or raw materials”. A local food network involves relationships between food producers, distributors, possible retailers, and customers in a place, where they work together to increase availability of local food and increase the value for the producer and ensure sustainability. Most countries and regions in the Baltic Sea area have their own specialties in local food products, which help highlighting their identity and uniqueness. Local food businesses offering small scale both traditional and innovative use of healthy, premium quality and often handcrafted local food products, can develop attractiveness for their own region and business through different customer groups, including locals and visitors. Additionally, it creates jobs and strengthens the effort for keeping local farms alive, rural areas active and attractive, and helps preventing depopulation in areas struggling to create jobs for their inhabitants.

Local food producers and farmers in BSR rural areas are mainly small family businesses, who prefer to organize the sales through face-to-face contact and by phone. They’re often not able to sell their products to big wholesale companies or supermarket chains because of limited production volumes and higher price comparing with large producers. Therefore, their access to catering, food processing and retail sector is complicated. The market area of local food producers is usually their own home region. In many regions they have established local food networks to cooperate for marketing and information exchange. The analysis of current situation in BSR countries shows that existing local food distribution models are mainly focused on Business to Consumers (B2C) relations and there is lack of economically competitive Business to Business (B2B) model. Local food networks in BSR region have highlighted the need for cost-efficient distribution solutions for delivering food products from farms to local restaurants, tourism farms, culinary event’s organizers, retail chains, special shops etc. The objective of collaboration project „Baltic Sea Food“ is to design a sustainable and transferable business model for B2B distribution applicable for local food nets established by local food producers and providers in BSR rural areas. The model enables to establish smooth short supply chains in local and regional level offering opportunities for growth and improved business performance to SME’s acting in local food sector in rural areas. The ten participating countries are Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, Norway, Germany, Russia and Poland.

The target group of this document is mainly established local food networks and distributors already selling their products business-to-consumer (B2C). The goal is to create new sales channels for business-to-business (B2B) through small-scale local-food networks, by cooperation and increasing value of their products in a shorter supply chain. The target customer groups will be able to meet the demands and expectations from their customers of local food, looking for special and premium products from local or specific regions.

For mapping the current situation in local food distribution, the survey of B2B distribution solutions and cooperation models in local food sector was conducted in 2018 involving 189 local food networks and distributors from Baltic Sea region area. The survey report prepared by Lahti University of Applied Sciences has been used in composing this document. Additionally, nine in-depth interviews were conducted by expert team with representatives of local food networks and distributors in BSR area.

To solve:

1. *Cost-efficient distribution solutions: delivering food products from farms to local restaurants/tourism farms/shops/industries.*
2. *Design a sustainable and transferable business model for B2B distribution: applicable for local food nets established by local food producers and providers in Baltic Sea Region, including rural areas. The model enables establishing smooth short supply chains: in local and regional level offering opportunities for growth and improved business performance to SME's acting in local food sector in rural areas*

1.1 | MAIN TOPICS AND STRUCTURE

The business models in this document are created as building-blocks to develop value for owners (producers and networks) by creating new sales channels. The awareness of steps to more efficient flow in logistics and administration can reduce cost of operations. Both producers and customers are important collaborators for a successful business, including more stable economy as result. The building-blocks can be used as base for a business plan for new local food networks. Canvas is the chosen structure and framework for the chapters, as base for the models and the handbook. By showing different opportunities based on general situations, including pros and cons, the networks can choose solutions adjusted to their needs based on their planned level, matureness and complexity. Some suggestions will be made, and every chapter has a summary.

A handbook is developed as a beginning step-by-step for start-ups of local food distribution networks, and as inspiration to go through this document in detail. By building a business-plan one step of the time, the chosen strategy and budgets need to match the goals in every phase. The main aim is to stay sustainable while developing the business customized to own market and culture.

The models and suggestions need to be adjusted locally, for building a sustainable local business plan adapted to the differences in culture, business level and maturity. The business models and suggestions here are, as mentioned, developed to meet the challenges of today's market and highlight the opportunities to develop towards an even more efficient and sustainable local food model in a future and local market by focusing on marketing, logistics and distribution for rural areas. Tools such as SWOT, and Value chain, (based on underlying tools such as Growthwheel and Vekstsporet) have been used to clarify today's situation and forming the suggestions and building blocks for a business plan.

1.1.1 | OVERVIEW OF MAIN TOPICS AS BUILDING BLOCKS:

To succeed as a local food network distributing products B2B, building a robust business needs planning and organization as internal base. The base for all businesses and development is understanding and meeting the customer needs, while securing own base of income and costs control. By analyzing local-food networks as distribution businesses, strengths and weaknesses, and opportunities and threats can be identified and considered before deciding the best way of organizing a company as a value chain. By working through this document, the content can help a business to find solutions for robust and sustainable development.

Consequently, the main topics local-food distribution networks need to cover are:

1. Unifying strategy, organization and management: For a successful partnership in a local food network it is necessary to have a common understanding of the purpose of the network, of the main challenges and opportunities it holds and how to solve and/or improve these, as well as how these activities and efforts should be organized to create a sustainable business. Inherent in this is creating possibilities for growth and creating or increasing attractiveness for both existing and potential B2B businesses.

2. Understanding the importance of visibility in marketing: The food networks have possibilities to increase sale and reduce costs for the producers. Keeping the customer happy and loyal is the base of every successful business. By increasing awareness of the importance of visibility through profiling and communication, it can help increase value for both the customer and the business:



Figure 2: SWOT analysis of a local-food distribution model

- *Identity*: To sell, products need to reach the customers, and prove attractive to them. They can be reach by digital channels, and achieve attractiveness through storytelling, taste and look. Logo, labelling, packaging and quality always need to meet or exceed expectations, and the sum of all product communication needs to build a consistent identity.
- *Communication and preparing for digital solutions*: If customers get extended positive information about a product or product origin story, it can support the attractiveness of local food products at large. By providing better overview of selection, season and availability, combined with easier access to a variety of products, producers and networks can increase their sales. By preparing for digitalization, future solutions are clarified.

3. Logistics and distribution with short supply chains: Efficiency is necessary to meeting customer needs and providing high quality service. The key to lowering costs is often improving efforts in resource intensive processes. There need to be a focus on effective flow and planning in handling the product from A to Z in a value chain, focus on transport and distribution, including labelling, documentation and ensuring traceability and sustained quality. Digital cooperative surfaces are worth considering for simplifications and flow. A focus on e- platform use in B2B (web platform, timing, volume, quality) needs attention to develop.

4. Economy: There needs to be a clear understanding of the economy of the value chain, including income streams, cost structure and liquidity, to form a successful and sustainable business. Different economic models and budgeting tools adapted for local food networks can be used to plan, control and improve income and cost control.

1.1.2 | STRUCTURE AND CANVAS-TOOL AS FRAMEWORK

In this document **chapter 1** highlights background, topics and framework. The Canvas tool is used as framework, and the chosen topics are examples of relevant building-blocks for a start-up local food distribution network. As a result of the chosen building-blocks, a strategy and a business plan, and/or an organization plan can be developed. Chapters 2-5 focus on customer needs and how to reach out to them. Chapters 6-9 focus on how to organize activities and structure own operations to deliver services and products to customers, with economy and efficiency as important parts in the way of planning.

Chapter 2, Customer Segments: Understanding who creates value for the network and who are the network's most important customers. Identifying target customer groups based on a basic understanding of customer needs and market opportunities. **Chapter 3, Value Propositions:** Identifying what value the network may offer to a customer, and through what kind of products and services this value is offered. **Chapter 4, Channels:** Exploring how a network can reach its customer segments, and identifying the best possible communication and distribution channels. **Chapter 5, Customer Relationships:** Examine what relationship the network have with each of its customer segments, while also seeing what is costs the network to have and maintain these relationships through customer interaction.

Chapter 6, Revenue Streams: Identifying where revenue comes from and which of the network's market offers generate the most revenue, and exploring how a network can earn revenue from all value propositions. **Chapter 7, Key Resources:** Investigating what key resources are most important to the network's market offerings, and which are crucial for customer relations and distribution channels, while also identifying what unique strategic assets the business must have to compete in the market. **Chapter 8, Key Activities:** Further exploring which key activities are important to the network's market offerings and customer relations and distribution channels, and what uniquely strategic things does the business do to deliver its propositions. **Chapter 9, Key Partnerships:** Looking into the network's possible suppliers and partners, and exploring which of the necessary activities are, or can be, performed by business partners by asking what the company can outsource so it can focus on its Key Activities. This chapter also looks at management and leadership within the network. **Chapter 10, Cost Structure:** Understanding the network's major cost drivers and how are they linked to revenue, with a focus on positive liquidity and sustainable growth.

Chapter 11, Summary of the building-blocks, which together form a basis for possible distribution, organization and strategy models for local food networks. Included in all chapters are summaries of pros and cons, as well as practical suggestions based on extensive experience from existing local food networks.

Canvas is a one-page visual tool demonstrating how resources flow through an organization, by viewing nine key elements of any business. The tool clarifies where revenue is coming from, where it is going, and how it is creating the intended impact. It is a business tool used to visualize the different parts in a business, as the most important building-blocks of starting or developing a business strategy. It includes customers, route to market, value proposition and finance. Building blocks are useful, especially when starting up a new business, because the road ahead and direction are usually unclear. By visualizing using different building-blocks, it is possible to start forming a more defined plan based on a framework for operations. By choosing level and complexity for own network, it develops to become a real business or progress towards a more sustainable local food business. Every company will usually have different solutions to their own canvas, and its recommended to go through this tool once a year and adjust the plans and activities. This Canvas-solution helps to get an overview of a local-food distribution company's different parts, including opportunities and challenges to meet the customers interests, and how to strengthen own business. Some of the parts and suggestions might be used as building blocks for a business plan, strategy and/or organization model.

Canvas Suggestions: It is a useful activity for all businesses to work through the canvas model yearly. The current strategic landscape is revealed by working through the model and enables adjustment of the strategic plans to the changing market or situations.



Figure 3: Canvas as structure



2 CUSTOMER SEGMENTS AND TARGET GROUP

A business serves one or several business segments. Successful businesses can best maintain their competitive edge by constantly returning to a perspective where targeted customers are kept in focus. By understanding the customers’ needs and meeting demands and interest, it creates value and interest for the customers to the networks. Markets and the customer needs are changing and developing all the time, so a local-food distribution network need to respond to marked opportunities continuously to stay relevant.

Summary: A business needs to adapt to its customers’ needs and demands to stay relevant. Dividing customer into segments and target groups can help identify and address the needs of your most important customers.

2.1 | Customer segments

Research show that most of the existing networks and distributors in the focus areas currently sell local-food products to end consumers and private people, and only around 50% sell to retailers or other businesses. For a new or expanding business, and going from B2C to B2B market, the starting point is always detecting interesting segments and customers groups, and then creating a network and nourish the customer through service. Choosing the right customer segment is important, because the challenges need to match the business ability to deliver to expectations. Different B2B market segments as building-blocks to choose from, their advantages and disadvantages, as well as suggestions for use, are further explored in Table 1.

Summary: Who creates value for the network?
 By grouping customers into segments and choosing a main customer segment as focus from the start (even though many businesses will touch into other segments) it will be easier to identify customer target groups, their needs and opportunities, and be to the point in the key activities. The activities, distribution channels or solutions, also becomes easier to adapt to the relevant customers, and the marketing strategy will be clearer.

CHAPTER 2 CUSTOMER SEGMENTS

<p>Geographical position</p> <p>Customer grouping according to geographic locations, such as country, county, region etc.</p> <ul style="list-style-type: none"> • Easy to measure • Enables local hubs and set distribution routes • Enables differentiation in marketing and pricing between regions <p>Size of customer, i.e. number of employees, number of sale/service points, expected or real sales volume etc.</p> <p>Size characteristics</p>	<ul style="list-style-type: none"> • May not be necessary • May be difficult and time-consuming, i.e. to change marketing dependent on geographical position <p>Use it to differentiate between close and more distant target regions, and to adapt the marketing and distribution accordingly. Markets closer to home will usually have a stronger connection with local products, and a detailed focus on individual producer may be relevant, while distant markets may prefer a focus on the region of origin.</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Use characteristics</p>	<ul style="list-style-type: none"> • May not be relevant for the marketing goal • May lead to missed opportunities by discriminating against a size group <p>Use this to identify markets with potential revenue and create marketing strategies and communication tools adapted to the level of the target customer. Producers can also include B2C customers, using a different strategy and approach to this type of group. Choose your right match!</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Personal or cultural characteristics</p>	<ul style="list-style-type: none"> • Challenging for small-scale low volume companies • Difficult to adapt to every specific customer preference, such as timed deliveries <p>Use it to create an efficient and service-based order and delivery plan adapted to different customer groups but be aware this may be difficult to achieve for small-scale businesses. Make sure of correct agreements to ensure expectations are being met!</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Use characteristics</p>	<ul style="list-style-type: none"> • May not be relevant • Can be time consuming and difficult to find out <p>Use it to ensure you market your products in a way that has value to the customer. Meet the decision-makers from the start and know what they want!</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Use characteristics</p>	<ul style="list-style-type: none"> • one group might wrongfully be prioritized over the other • takes time and effort to know your customer <p>It costs more to acquire a new customer than to keep the existing customer, so use this to focus on the customers' current needs and improving long-term relationships. Know your customer needs!</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Relationship characteristics</p>	<ul style="list-style-type: none"> • may ignore/forget important customer groups. • time consuming to develop and run different routines for the customer groups. <p>Identify and build good customer relationships to facilitate storytelling from producer to end customer via the customer. This is usually easier when relationships are good or close.</p>
<p>Characteristics such as average order size or purchasing frequency, or other specific characteristics such as a preference for "just in time deliveries" (deliveries at exact time needed in exact required quantity)</p> <p>Who are the buyers? Personal culture: what do they value? Business culture: who makes the decisions? Culture can affect the buying process, since there are different degrees of decentralization/decentralization (control) of decision, or how the different customers tolerate for example uncertainty, and what they value.</p> <p>Are the customers new they might want an easy solution when purchasing for the first time, while a long-lasting customer is looking for improved solutions.</p> <p>Customer relationship might affect the end sale.</p> <p>Creating and developing a relationship based on trust is one of the most central elements in a well-functioning business- customer relationship.</p> <p>What kind of organization the customers belong to: public organization (school, kindergarten, old people house), institutional organizations, distributions company, value added reseller ++</p> <p>Organizational characteristics</p>	<ul style="list-style-type: none"> • may ignore/forget important customer groups. • time consuming to develop and run different routines for the customer groups. <p>Focus on one customer group or divide clearly into three, to make adapted marketing easier. Differentiate per group and adapt services such as distribution, handling, timing and delivery according to the needs and expectations of each group.</p>

Table 1: Customer segments, including pros, cons and suggestions.

2.2 | Target customer groups

The main goal of the business models for the Baltic Sea Region, is creating new sales channels through cooperation, and increasing the value of products by shorter supply chains. Finding own target market is an important part of how to organize a network and developing an effective marketing strategy. Customer group segmentation, as presented above, is based on the customers' characteristics and buying behavior. The purpose of this is to identify important customers, and to make it easier for the business to adapt own resources to customer's needs. Another step is to create smaller customer target groups, based on their needs, to even better be able to adapt efficient marketing strategies especially aimed at different target groups, as well as more effective communication and efficient distribution systems. Selling all kinds of products to all kinds of customers may be difficult and unnecessary, but it can be hard to choose customer target groups, especially as a new business that just want to sell to anybody. Marketing towards all customer groups is time consuming and expensive, and the right message, ads or products are not necessarily right for every group.

It is advisable to target 1-2 customer groups and plan both short and long term, marketing especially toward these groups to meet their interests and needs. For building a business plan: Choose the suitable main customer segment and then the chosen target customer group(s). Plan the operations from this. Each group has different needs and interests, so a created network needs to be nourished. Also be open to a few other groups, especially in the start-up, to gain income where you might find it in the critical phase of forming the business. When the business is established and customer groups tested, it is easier to focus on one group.

Summary: Who are the company's most important customers?

By dividing the customers into smaller groups, with more homogeneous needs, the business can gain efficiency in marketing and matching product with market demands. The network may have to create and present different products and services to each of the customer target groups, to keep them interested and loyal over time.

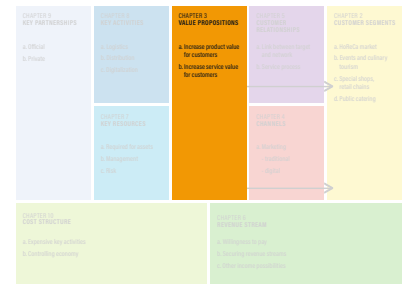
Identify your most important customers with the best income revenue possibilities and limit the amount of main target groups for efficient and relevant marketing, sales communication and distribution. Adapt your business strategy and activities according to your customer target group(s).

Summary of chapter: The starting point for a successful B2B business should always be detecting interesting customer segments and target groups, followed by creating a network and nourishing these customers through service. Customer group segmentation based on customers' physical and social characteristics and buying behavior, will help you identify customers values and needs, and enable you to match the business ability to deliver to customer expectations. Further categorization into customer target groups, based on type of business, aids in identifying important customers with the best possible revenue potentials, as well as creating efficient marketing strategies, communication channels and distribution systems adapted to customer needs. For building a business plan a company should choose the suitable main customer segment, and then target 1-2 customer groups, and apply adapted marketing strategies to ensure value, interest and continuous relevance for the customers.

CHAPTER 2 TARGET CUSTOMER GROUPS

Type	Description/Characteristics	Pro	Con	Suggestions
Hotel, restaurant and catering (HORECA)	<p>They sell or serve the products to own customers. A lot of these groups are becoming more aware of the uniqueness and end customers growing interest for local produce and unique tastes from a region</p>	<ul style="list-style-type: none"> more aware and interested in unique premium products customers for products that might need processing to become interesting for end consumer, like specific cuts/type of meat ++ seasonal menus can help offload seasonal products can show case products to other relevant target groups enables personal storytelling to end consumer enhance products and identity can demand products all year, not just in season 	<ul style="list-style-type: none"> want low price, high quality can be unstable in volume and frequency, can demand products all year, not just in season often short notice and unpredictable orders low volume orders give high transportation costs often high turnaround in staff, making it difficult to build relationships and loyalty for stable storytelling. unstable economy 	<p>Use this group for marketing exclusive, high end and unique regional products, which can aid them in showcasing the region or country through storytelling to their end consumers, thereby raising the value of their own product. Market products that are better suited for a larger and more professional kitchen, rather than private homes.</p>
Events and culinary tourism	<p>Are linked close to the HoReCa business because a trend in tourism are linked to the local food experience, so some of the network will naturally include these customer groups. Culinary tourism is increasing number of tourists wanting local-food as part of the travelling experience in a region or country. Tourist organizations can organize packages combined by other attraction in a region</p>	<ul style="list-style-type: none"> interactive, instant, flexible and shareable allows a "truer" picture of a business, the activities, production and everyday life strengthens your brand through storytelling by making it more believable 	<ul style="list-style-type: none"> often seasonal market, dependent on tourists packaging and labelling needs higher standards shelf life is important storytelling is more difficult and dependent on product selling itself through packaging and labelling. high competition in shelves 	<p>Use this group to build and market your brand and logo, selling high end products based on regional identity and traditions, with an exclusive finish. Be aware of seasonality.</p>
Special shops and retail chains	<p>Are also linked close to the HoReCa business because a trend in both tourism and local awareness and increasing interest of local food experience. Tourist shops, farm shops and retail chains like to difference their customer groups and offer identity & tradition or premium and high-quality products</p>	<ul style="list-style-type: none"> encourage positive word of mouth marketing through social media by content people want to share, use tools as campaigns etc. allows the products to speak for itself 	<ul style="list-style-type: none"> might be seasonal market, if dependent of tourists packaging and labelling needs higher standards shelf life is important storytelling is more difficult and dependent on product selling itself through packaging and labelling. high competition in shelves 	<p>Use this group to market products that are suited for reselling directly to end consumers. Market local and regional products to the local population as well as visiting tourists, to ensure a stable market also in the off-season. Be aware of ownership contracts and return agreements.</p>
Public catering	<p>In the areas producing a lot of vegetables, fruit and basic meat, work long term with municipality for deliver fresh food to kindergartens, schools and elderly</p>	<ul style="list-style-type: none"> can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> difficult to get into this market price conscious low budgets difficult to meet high volume, depending on season and production capacity. 	<p>Market products suited for large professional kitchens, and to offload volume in seasonal products. Use it to ensure stable sales activities outside main season.</p>
Business gifts and food souvenirs	<p>Public and private organizations look for attractive business gifts for their clients and partners. Food products are becoming more popular in business gifts market.</p>	<ul style="list-style-type: none"> more aware and interested in unique premium products price is less important, more willing to pay often orders several different products in one order possible to offer ready-made gifts bags, less work 	<ul style="list-style-type: none"> high seasonality, the demand is high mainly during Christmas season packaging and labelling needs higher standards not possible to offer fresh products, which need cold temperature 	<p>Use this group to build and market your brand and logo, selling high end products based on regional identity and traditions. Be aware of seasonality.</p>

Table 2: Target customer groups, including pros, cons and suggestions.



3 | VALUE PROPOSITIONS

For a local food network business to be viable, the most important is to gain and keep customers. Being relevant means keeping the customer in long-term relationships. The important questions to ask are what is supposed to be solved for the customers, and how to satisfy customer needs. A network cannot stay relevant without a clear focus on what gives value to the chosen customer segment and target groups. It is important to remember that business customers need to deliver to their own customer's demands. The network needs to help them identify and further communicate the relevant value of the products and services the network provides, for both the business and the end consumer, and help business customers adapting to the end consumer's expectations. Customers expect an experience of value in both the delivered products and services, from their local food networks.

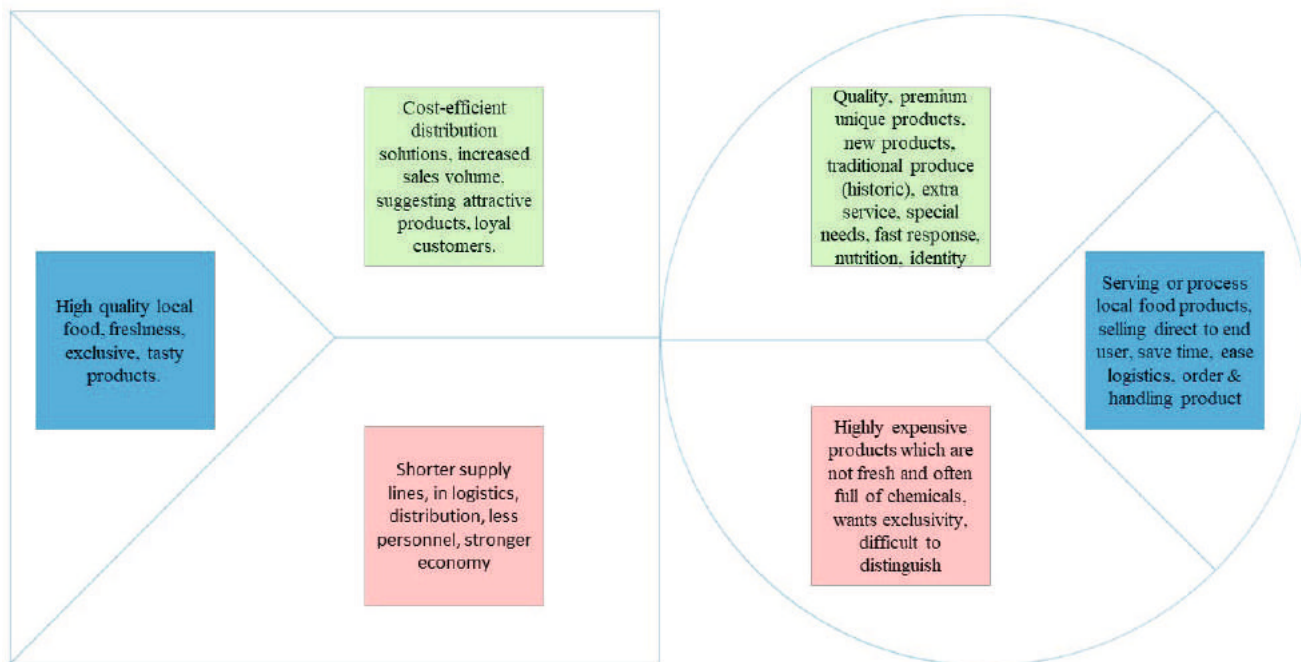


Figure 4: Overview of value proposition.

Customer challenge & needs: pain and pain reliever for customer

Gain for customer & network: Value for customer by creating activities, which gain the owners results

Product & services: solution for customers

Suggestion: To increase the value of the products and services for the customers, without decreasing the result for the owners, it may be handled in two ways by a business, usually combined:

- By enhancing the value of the product or service: By showing the differences from competing segments and products, branding and storytelling is important
- By lowering the input from the network/business: By short supply chains and efficient communication

Summary: By identifying customers' challenges and needs, it can clarify what it is that gives value for the relevant customers. By finding solutions to the customers' challenges it creates value for both customers, and in turn the network owners and producers. The solution to the customers' challenges, the value propositions, are the products and services offered by the network.

3.1 | Problem solving for customers

To identify what it is that gives value to a customer, it is necessary to identify the customer's challenges and needs. These can vary between customers and customer groups, and target areas. By finding effective solutions to the customers' problems a local food network can create value for this customer. The way a network should create these solutions is to provide products and services that meet the customer needs and demands in an efficient way, while differentiating themselves from the competition and lowering the input for the network to ensure sustainable results for the owners. Value created for the customer can enhance the value for producer/owner, but needs to be done correctly to avoid decreasing the result for the owners. Different target groups may have different challenges and needs, and therefore may need different solutions and value propositions. When looking into customer groups and their goals, a network needs to find out what is valuable for their relevant target customers:

CHAPTER 3 VALUE PROPOSITIONS

Type	Customer goal	Value for customer	Pro for owner	Con for owner
HoReCa market	Serving or processing local food products for end customers. Selling to end user	<ol style="list-style-type: none"> Buy content of quality, premium, unique products (small volume?), carry identity, new products, traditional produce (historic). Storytelling and branding by close communication, Distribution products as service; special needs, fast response, direct contact 	<p>Stable communication in different medias</p> <p>All year</p> <p>Loyal customer: relation-based</p> <p>Price ok</p> <p>Control the logistic from start to delivery</p>	<p>Want exclusivity on some marketed products</p> <p>Might have unstable economy</p> <p>Expensive delivery</p> <p>Pass owner and goes direct to producer</p>
Events and culinary tourism	Serving or process product to own guests	<ol style="list-style-type: none"> Buy content of quality, premium, identity & traditional bearer of produce (historic and local or regional). Strong storytelling for customer interest by marketing other activities Distribution 	<p>Balance</p> <p>Great sales in-season</p> <p>Marketing and more sale in tourist shops</p> <p>Seldom and bigger distribution volume</p>	<p>Time consuming sale process</p> <p>Professional buyers (pricing and contract issues)</p> <p>Too big volume, seldom or seasonal deliverance</p>
Special shops and retail chains	Sell local premium product, high value and interest	<ol style="list-style-type: none"> Storytelling. Different and new products, fresh and quality, nutrition Packages, nice labels, storytelling, identity for the region Dependable logistics & distribution 	<p>Have high-seasons</p> <p>Easy to communicate in different medias</p> <p>Stable customers</p> <p>Like new products</p> <p>Stable distribution</p>	<p>Small or variable volume.</p> <p>Variable professionalism or Professional buyers (pricing and contract issues)</p> <p>Might have unstable economy</p>
Public catering	Selling direct to end user	<ol style="list-style-type: none"> Buy quality, content of nutrition, short distance, available volume All year delivery and stable distribution, higher volume and food security 	<p>Season is variable and can be balanced</p> <p>Stable customer and usually safe economy</p>	<p>Big volume</p> <p>Pricing issue: pushing lower-end</p> <p>Pass owner and goes direct to producer</p> <p>Hard to get agreements</p>

Table 3: Value propositions, including pros, cons and customer goals.

Summary: What value does the company offer to the customers? Identifying customers' challenges and needs can clarify what it is that gives value for the relevant customers. Finding solutions to the customers' challenges is what creates added value for them. The solution to the customers' challenges, the value propositions, are the products and services offered by the network, and these needs to be adapted to each customer group according to their specific challenges to efficiently cover their needs and expectations.

3.2 | How to enhance value by satisfying customer needs

A business providing local food and distribution must give value to the customers, but also to the suppliers and the business owners to ensure a viable and sustainable business. After choosing the customer groups and understanding the needs that must be solved for the customers, a sustainable business needs to identify how these values can be created while at the same time sustaining results for the owners, or, preferably, also adding value for the network owners and producers.

Many new networks of local producers tend to mainly focus on their products when considering value adding, because as B2C this is usually the main asset. However, as a B2B network a lot of other elements are present, including market and distribution services, product access and availability, customer communication, product handling and logistics etc., which can be challenging and demands more planning and communication between the parties. But there are also a lot more elements creating value for customers. Products, services, communication and digitalization all have a value, including what and how services as logistics, distribution, labeling, packing and storytelling are delivered. All of these elements can create added value for the customers and the business owners and producers if delivered correctly covering or exceeding a need or expectation.


The goal for most B2B local-food networks is improvement in marketing, sale and distributing specific food products focusing on quality. Increasing value for the customers usually therefore enhances value for the business owners and producers. Strategic decisions give clear goals for how the business is going to grow. Considering both good management and improvement of sales channels, market, products, partners, personnel, logistics and distribution, finance and more is important to ensure value is added at all levels. This requires an analysis of needs and challenges at different levels of the business, such as customers and market, service and production, management and employees, and economy and financing. Identifying these challenges and keeping in mind that all need to be met, will help ensure solutions and value propositions are found for all parts of the business value chain.

Theme	Covering needs by	Value for customers	Value for network
Customer & market	1. Accessibility of special products for the customer	Selling & marketing products: <ul style="list-style-type: none"> • branding through storytelling • close communication • new & unique products Web & services: <ul style="list-style-type: none"> • visibility & marketing • from order to payment 	Selling more Start-up of planning new products or Finding old recipes Marketing smarter and genuine Digitalization for less workforce and fewer steps
Products and Services	2. Offer distribution service to the customers 3. Product list 4. Seasonal calendar	Ease logistics Save time Order & handling product Able to influence planning Online or by mail- updated to choose from. Overview and easy to plan and market Able to plan menus, special marketing focus or offers. Prepare storytelling	Closer to the customers. Better planning and collaboration. Professionalize labelling, storytelling and packaging. Easy to market and make offers by quantity or uniqueness of products. Overview and easy to plan new/ future products together with suppliers. Be relevant at all time, unique offers and enhance the value of seasons. Able to prepare storytelling and marketing
Management & service	5. Increase the value of the product for the network	Stable deliveries Understand value and quality More to offer New products Stable and loyal suppliers	Cost-efficient distribution solutions Increase pricing Increase sales volume Suggesting attractive products Loyal customers Loyal producers/ suppliers
Management & organization:	6. Lower input for the owner	Faster and safer handled deliveries Flow in logistics Timing as planned Less personnel Stronger economy	Shorter supply lines in logistics Shorter supply lines distribution Able to plan and offer good timing Less personnel Stronger economy

Table 4: Examples of important value proposition to the customer groups.

Summary: Through what kind of products and services is value offered at different levels?

Value does not always mean direct added monetary value or is only created through product improvement but may be improvements in areas such as product access and quality, product handling and logistics, effective communication, customer service and relations, producer collaborations, or business management and strategies. When the customer experience value, it usually increases value for the producer and owners, and strengthen the long-term relations.



Summary of chapter: For a local food distribution business to be viable it needs to gain and keep customers by providing a product or service that adds and exceeds an expected value for them. Identifying what gives a customer value means identifying their challenges and needs, and offering a product and/or service that provides effective solutions to these issues. This needs to be done while also adding value to the producers, partners and owners and lowering the input of the network to ensure a sustainable result.

Both products and services are important to customers, and it is important to ensure value is added throughout the value chain, including logistics, distribution, labeling, packing and storytelling, by correctly covering or exceeding a need or expectation. This requires an analysis of needs and challenges at different levels of the business, such as customers and market, service and production, management and employees, and economy and financing. Identifying these challenges and keeping in mind that all need to be met, will help ensure solutions and value propositions are found for all parts of the business value chain.

4

CHANNELS TO REACH THE CUSTOMERS FOR SALE



By exploring channels for communication, we investigate how to reach out to the customers. The value propositions are delivered to customers through communication and sales channels. Well-functioning channels enhance the value of the value propositions for the target customers and are usually part of the reason why target customer buy products from a network. To meet the customer and producers/owners' expectations, a sale needs to be completed to give value. To get a sale, promotion and services of products are part of how to reach the customer. Channels for marketing and sales opportunities are necessary to identify, as these are the most important elements for creating value for the customer.

To see how the value propositions are reached through possible channels, they might be useful to investigate.

Channels may be categorized into:

- a. Marketing and sale: *Traditional channels: -Branding through storytelling*
Digital channels: -Web and digitalization

Summary: How can a network reach its customer segments?

Customer needs to be reached through a communication channel. It is important to identify possible channels for communication for achieving sales, and to choose the correct one according to your customer segments to ensure you reach your target customers efficiently.

4.1 | Communication channels

Effective communication channels to reach the market are a must, but it is demanding to develop or find the right ones for a business. Channels need to fit the target groups, the market, the trends, the food producers, possible employees and external partners. However, the most important is the customer/buyer. If there is no sale, there is no basis for operations and business. Most people are used to traditional channels, but not all are fully into the digital channels. There might be large differences in channel preferences between customer segments, also between different cultures, age groups, areas, level of employment and education etc. Both traditional and digital channels have challenges and opportunities connected to them. It is important to be aware of these, as well as customer segment preferences when deciding which ones to use.

Summary: What are the best possible communication channels?

It is important to identify possible communication channels and knowing their strengths and weaknesses when deciding when and how to use them. More important, however, is knowing which communication channels works in different situations to successfully reach your customer, which may vary between customer segments. Different customers may have different preferences in channels and may prefer traditional or digital communication.

CHAPTER 4 DIRECT MARKETING AND SALES TRADITIONAL CHANNELS

Type	Description/Characteristics	Pro	Con	Suggestions
Phone	<p>Phone calls can be used to establish customer first contact, update news, offers and other information.</p> <p>Following up on orders and agreements, requesting feedback and maintain customer relationships.</p>	<ul style="list-style-type: none"> available to most people available at almost all times often easier to establish first contact and secure agreements via phone calls as it demands an immediate response (and saying “no” over the phone is harder than in written conversation) issues and agreements are handled right away enables a personal tone and contact, you can adjust to the customer as you communicate Branding: can share pictures, videos, logo, web links etc. = storytelling more traceable than phone calls information can be stored, shared and used available and easy to use enables a more personal tone, as is often accepted in sms. language, such as use of emojis (be aware of cultural differences, this may not apply to all) 	<ul style="list-style-type: none"> not traceable labor intensive as information and agreements needs to be noted down and registered manually, which is not always possible/ convenient. information may disappear and be forgotten leaves no lasting impression of the company/network (branding) may be experienced as an intrusion high risk of drowning amidst other marketing sms risk of content disappearing and being forgotten can be experienced as an intrusion difficult to build brand, little lasting impressions labor intensive as information usually need to be registered manually 	<p>It may be useful to use phone calls to establish contact with a new customer in the beginning, especially if visits are not possible, as it is experienced as more personal. Move towards more formal channels when contact has been established.</p> <p>Use phone calls to casually catch up with your customer to maintain strong relationships or if immediate contact is required.</p> <p>Sms may be useful to share short, often visual, information that require little or no follow up. It can also be useful to alert the customer to information sent via other channels if an immediate response is required.</p> <p>Use it to alert customers to relevant short term offers or news alerts, but sparingly to avoid appearing intrusive.</p>
SMS	<p>SMS can be used in a similar way to phone calls but has added advantages of being able to share more information which can be stored and used.</p> <p>By sharing visual information, it can be used in storytelling.</p>	<ul style="list-style-type: none"> easier to brand company by using a variety of information which can also be visual and interactive traceable(partly) enables you to include several participants in a conversation easier to share and store a variety of information easier for user to categorize and follow up on information tone and language can be adapted to the recipient in a natural way, being both formal or more personal usually available to most people at flexible times using smart phones. fast and easy way to share contact information with potential customers others can hand out the card on your behalf a well-designed business card can help to build a brand and contribute to storytelling 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>May be useful to send initial information to a potential customer, needs to be followed up by phone or visit to prompt a response. Send information about your company when contact has been established. If digitalized solution is not possible: update on product availability, offers and campaigns etc. Make sure your email has a clear and strong brand-making using a professional signature along with an adapted greeting.</p> <p>Useful to establish contact in situations where connections are brief and many: food festivals, conferences or large meetings. Hand out to potential customers and partners. Use business cards received to establish contact with connections.</p>
E-mail	<p>Email can be used to share a wider range of information at the same time: signature, logo, information about company, producers, and products, pictures, videos, web links, contact information etc.</p> <p>Familiar way of communication, and getting a written response</p>	<ul style="list-style-type: none"> can reach a broad group of people can contain a variety of information through text, pictures and videos (depending on whether it is used in traditional print or digitalized form) if used on web it can also invite to interaction can be used to reach specific target groups by choosing the relevant channel Building relations Reading body language Solving or answers directly value for customer can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>Useful to send initial information to a potential customer, needs to be followed up by phone or visit to prompt a response. Send information about your company when contact has been established. If digitalized solution is not possible: update on product availability, offers and campaigns etc. Make sure your email has a clear and strong brand-making using a professional signature along with an adapted greeting.</p> <p>Useful to establish contact in situations where connections are brief and many: food festivals, conferences or large meetings. Hand out to potential customers and partners. Use business cards received to establish contact with connections.</p>
Businesscard	<p>A business card usually contains short information about the company and contact information for a person connected to the company.</p> <p>The intended use is a startup for communication.</p>	<ul style="list-style-type: none"> can reach a broad group of people can contain a variety of information through text, pictures and videos (depending on whether it is used in traditional print or digitalized form) if used on web it can also invite to interaction can be used to reach specific target groups by choosing the relevant channel Building relations Reading body language Solving or answers directly value for customer can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>Useful to establish contact in situations where connections are brief and many: food festivals, conferences or large meetings. Hand out to potential customers and partners. Use business cards received to establish contact with connections.</p>
Advertising	<p>The traditional marketing communication aiming to sell the brand and business to target customers. Used in traditional media: newspapers, magazines, tv, posters, banners etc., or in digital medias: email, newsletters, social media, blogs, websites, ads placements, apps, etc.</p>	<ul style="list-style-type: none"> can reach a broad group of people can contain a variety of information through text, pictures and videos (depending on whether it is used in traditional print or digitalized form) if used on web it can also invite to interaction can be used to reach specific target groups by choosing the relevant channel Building relations Reading body language Solving or answers directly value for customer can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>Useful to reach a broad group of people building and strengthening the brand or introducing new products through storytelling. Make sure your channel, tone and rhetorical effects match your target group and communication goal, and include “logos”, “pathos” and “ethos”. Plan your advertising, including timetable and follow up.</p>
Personal	<p>Meeting in person</p>	<ul style="list-style-type: none"> Building relations Reading body language Solving or answers directly value for customer can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>By limited time, this need to plan well, use producers to meet customers</p>
Contact events and fairs	<p>Regular contact events or fairs, which involves several producers and clients, are useful for introducing new products and for discussing the cooperation opportunities</p>	<ul style="list-style-type: none"> can reach bigger number of customers during the same event building relations value for customer 	<ul style="list-style-type: none"> risk of emails drowning in overfilled inboxes often not checked as often as sms’. not all customers have good email routines for check and follow up labor intensive as information may still need to be registered manually harder to get a response from new potential customer business email accounts can have several users, making it difficult to reach right person and direct address very little information will fit, stressing the importance of a good design tends to be easily lost or never looked at or remembered the connection to which business traditional is often expensive printed advertising is static and not interactive difficult to measure difficult to hit target group, not all are digital and not all read traditional ads Time consuming Ineffective? 	<p>Useful for introducing new products for existing customers and for reaching new customers</p>

Table 5: Communication channels, including pros, cons and suggestions.

4.2 | Digital marketing channels

Digital marketing channels are increasingly important for reaching customers in an ever more globalized world and may be especially useful in marketing. In contrast to traditional marketing channels, it is highly accessible worldwide, and it opens up to much larger markets, and it is often much more adaptable and cost effective, and maybe most importantly it is usually interactive. Mutual opportunities to exchange information between customers, producers and business are important. It needs to be convenient and fast for modern people, companies and networks. Digital channels also open up to opportunities for using marketing materials such as videos and photos in a cost-efficient way, by using smart phones and easy to use free editing tools. Possible digital marketing channels include web pages, e-platforms, social media and more. Marketing and communication channels may also include systems for traceability and order handling.

A web page is a professional platform for the business that is always available. It is a landing platform for all own marketing, and information sharing. It can be used to build stories and offer in depth information controlled by the business. E-platforms may include product overview and extended product information, web shop, ordering and delivery handling and information, traceability, and communication tools. Chefs and customers should use an e-platform for efficient communication and order handling, and this works well many places. An app connected to e-platform may be a good solution. It can be difficult to get customers and partners to use digital channels, but effort need to be put into learning new skills and “advising or demanding” customers to use tools such as e-platform or app to achieve optimal sales efficiency. By teaching customers and suppliers how it works can solve many challenges and improve sales and order handling considerably.

Planning is important when considering which media or channel to use in order to get the message to the right persons or customers/buyers. A platform may be used for weekly upgraded product lists by the farmers/manufacturers to order to invoice to payment, also overview of content in storage is wanted which updates from iPad when employees are packaging the goods. Excel as a communication tool doesn't work well. It is good to make plans and overviews but is not a functional or mutual communication tool, and digital alternatives should be considered from the start.

Every local food business should ensure they communicate the same story across all communication and marketing channels, in every media and canal to communicate to the B2B market, repeating the story and message including small different changes so the message can be received as “brand new” or as a reminder. Avoid repeating so often that it is received as “bad noise”.

CHAPTER 4 DIGITAL MARKETING AND SALES CHANNELS

Type	Description/Characteristics	Pro	Con	Suggestions
Web-page	<p>A web page is a professional platform for the local-food network as a business online.</p> <p>It is a landing platform for all own marketing, communication and information sharing. It can contain a variety of communication tools, such as text, photo, video, web shop etc.</p>	<ul style="list-style-type: none"> • available to all, all the time • a safe space to build your brand and story, controlling what information is being offered • searchable and shareable • broad forum, can contain a variety of information and communication tools • easy to change 	<ul style="list-style-type: none"> • can get outdated if not maintained and updated • if poorly designed it can have a negative effect instead of positive on your brand • usually one-way communication 	<p>Establish a professional looking- and user-friendly website, including search engine optimization and responsive design. Own opportunities to edit to stay in control of content and updates. Use it in your marketing to tell a story, present your products and give extra added value. Check and update regularly.</p>
Social medias	<p>Social media is an interactive platform to tell a story, reach the target customers or partners and get to know them through interaction.</p> <p>It uses emotions and needs to communicate on a more personal level through text, photo and videos.</p> <p>Well known social media platforms are Facebook, Messenger, Instagram, Twitter, YouTube, Snapchat, LinkedIn, Pinterest etc.</p>	<ul style="list-style-type: none"> • interactive, instant, flexible and shareable • allows a “truer” picture of a business, the activities, production and everyday life • strengthens your brand through storytelling by making it more believable 	<ul style="list-style-type: none"> • if content is not relevant to the receiver it can be negative and become a disturbance • low frequency of publishing can lead the customers to lose interest • can be difficult to trace information 	<p>Choose the right social media to reach your target group. Use an appropriate tone for your channel and target group, post content that will build your brand and add value for your target customer. Plan a schedule and post regularly to keep interest.</p>
Word of mouth	<p>“Word of mouth” is a strong recommendation, built on trust. It is one of the most important channels for marketing local food and produce. Usually the Home market is small or close, and participants know and talk to each other.</p> <p>Social media have also made “Word of mouth” into a marketing terms and especially Facebook is useful in this term.</p>	<ul style="list-style-type: none"> • encourage positive word of mouth marketing through social media by content people want to share, use tools as campaigns etc. • allows the products to speak for itself 	<p>Word of mouth can be negative, so always be careful how you handle negative feedback and complaints</p>	<p>Make sure your product quality and customer service are always on top, thereby encouraging positive word of mouth marketing. Use social media as a platform to get your customers to interact with each other to spread a positive image.</p>

Table 6: Marketing channels, including pros, cons and suggestions.

Example: Setting up a website

- 1. Planning:** Website content need to meet customer needs and gives visibility to attract new customers. a) buy a domain. b) Make sure SEO (Search engine optimization) and responsive design is integrated, planning ahead for future activities(strategic). c) Own opportunity to edit all, or parts of the content. d) Update, develop and use it in your marketing, storytelling following the marketing strategy.
- 2. Use:** As a tool in marketing, sales and distribution it is a place to give your customer value. Ex. recipes, external links, advice etc., and an efficient and important sales platform for ordering or sale of products. The page can develop to activities as a shop. Also useful as an interactive communication device and for planning and trace distribution and deliveries, storage or every step from ordering to paying the invoice.
- 3. Be relevant-** have control and checkup 3-4 times a year.

Digital channels	Use	Value for network
Webpage	For shared information and joint documentation, a useful but usually one-way- communication. Good for delivery, meetings and activities.	Horeca & culinary tourism Well-chosen database can have a lot of opportunities, if it is flexible and interactive. Stable channel and searchable. Increasing awareness. For Municipality: Need more direct channels and maybe personal meetings in general
Google Drive or equivalent websites	As above, possible to ways communication	Always available
Facebook	Information and storytelling and fast, for all markets and for private groups, are all right for mutual communication. Hard to trace information	Sharing information and stories, fast and wide. Tool for communication in groups
Messenger	For private groups or 1:1, are all right for mutual communication	Sharing information, fast
Pinterest	One-way communication by pictures, not easily retrieval	Storytelling, one way
Print	Everything from business cards, own prints such as brochures, flyers etc.	Highly useable for all

Table 7: Examples of digital marketing channels, including use and value.

Suggestions for digital marketing channels:

- 1. Before entering it “all”, be very conscious to which social media the business want, can, need or should enter. Research to find out where the wanted custom groups are. Examples of digital marketing: Website, social media accounts for your business (Facebook, Instagram, Twitter; YouTube, Snapchat, LinkedIn, Pinterest +), ads, search results, email, newsletter; blog, digital presentations, e-book etc.**
- 2. Right interest and technical skills is needed to work continuous online. Example: Film and send: this is easy to make by phone and there are great apps to form short and interesting activities and messages for social medias (app: InShot)**
- 3. Start closed groups: Valuable discussions takes place a group for your products, your customers.**
- 4. Link to chosen regions or activities that enhances own products, business or network that gives value to the brand.**
- 5. It can be a platform for everything from FAQ (frequently asked questions) to product development, recipes +**

Summary: What are the best possible marketing channels?

In rural areas, the digitalization can make the world and market closer and more available for both suppliers and most of all, customers. Digitalization can make the business more efficient when promoting a brand, business and products, but it is important to find the right channels for reaching the target group and meeting their needs. Traditional channels are suggested to change towards digital solutions for traceability, communication and future short supply lines for handling everything from order to invoice. A common story should be detectable across all channels to strengthen the brand and business/product story. Custom-made and flexible use is advisable, often a combination of traditional and digital solutions. Digital media enables more varied information and communication techniques, making sure you leave enough information for the “stakeholders to devour”, but at the same time lets you deliver the same message with enough variations to avoid it becoming “bad noise”.

Summary of chapter: Which distribution channels work best?

To meet the customer and producers/owners’ expectations, a sale needs to be completed to give value. To get a sale the business needs to reach the customer through communication and marketing, and it is therefore important to identify these, their strength and weaknesses, and adopt the most efficient ones for your purpose or customer situation.

Channels for communication and marketing can be divided into traditional and digital channels, with most people being familiar with the former; some may be new to many forms of the latter. Use and preference may differ between customer segments, different cultures, age groups, areas, level of employment and education etc. It is important to be aware of these and adapt accordingly, while ensuring efficiency and development.

Digital marketing channels are increasingly important, it is highly accessible worldwide, opens up to larger markets, is often more adaptable and cost effective, and is usually interactive with mutual opportunities to exchange information between customers, producers and business. Digital marketing channels enables a larger variation of instant communication techniques, including videos and photos, which enables a story to be repeated without becoming repetitive and boring. Marketing and communication channels may also include systems for traceability and order handling, increasing overall logistics efficiency and reliability, adding further value to the customer.

However, the digital channels cannot replace fully the traditional channels like personal phone calls and meetings, as this is important for maintaining and nurturing the customer relationships.



5 CUSTOMER RELATIONSHIP BY CREATING LINK IN THE MARKET

Each customer segment needs an established and maintained customer relationship. Building a long-time relationship based on trust is an important base to stay sustainable as a business. The most expensive loss for a business is customers disappearing. It's a lot easier to communicate and deliver to a known customer, where needs and agreed handling is familiar. Communication, storytelling and branding is key to making links to a market. How to plan this; a marketing strategy is a useful tool for planning to reach customers. The “journey” is when the network is building trust and confidence by activities for keeping and growing the relationship. The relationship (based on trust and loyalty) and communication between networks and customers, is critical for the networks. It is demanding to tell about the unique features of the specialties, and difficult to capture adjustment and development needs, so choosing the right channels and communication direct or by activities/services is crucial for success to reach and expand own market. By starting over and over again without continuity is very expensive by marketing, service offers, and staff hours spent.

Summary: Gaining new customers, and communicating your brand for the first time, takes time and money. Keeping a customer and selling more to them is much more efficient. The key to keeping loyal customers is building long-term relationships based on trust and confidence, and is crucial for a business’ sustainability and success.

5.1 | Creating a link in the market

To be able to sell and distribute products, reaching customers in the Horeca- or tourist market, offering local-food, is the goal. The competition is big and the market challenging. Based on a marketing plan in Chapter 5.3, the chosen operative activities reaching out to established and new customers. To create awareness to all participants, channels to reach out are needed. Because the local-food market still is small compared to the food industry, the local food businesses are scattered with little joint power to be visible in the market. Visibility is important to catching the interest by chosen market segment and customer groups, they can be reached by being offered something unique or if feelings are touched. Touching a market, can be done in many ways. Storytelling through logo, labelling and branding is important and this can be done through both manual and digital channels.

Summary: Storytelling is the most important link to the market and customers.

By using same professional branding, colors and photos where all products, wrapping or market tools are out in the markets, the link to the market is clear and communicate by “one voice” as part of storytelling. By putting a face on local farmer and supplier with photos and descriptions as persons, their products identity or operations in a store, store website, menus and in materials such as newsletters or brochures, - it is a link to markets. Let own customers and end customers know how close the producers are to the store and what makes their products or deliveries special.

CHAPTER 5 CUSTOMER RELATIONSHIP

Type	Description/Characteristics	Pro	Con	Suggestions
Branding as part of storytelling	<p>A brand is the <i>idea or image</i> people and possible customers have in mind when thinking about specific products, activities and services of a local food business, both in a <i>practical and emotional</i> way.</p> <p>It is the physical features that create a brand, combined with the feelings that consumers or buyers develop towards the company or its products. A trigger is when exposed to the name, logo, visual identity or the message is communicated. Most products or businesses can easily be copied by other competitors in a market, but a brand will always be unique.</p>	<ul style="list-style-type: none"> creates a clear visual identity easily recognizable building block for storytelling easy to use for all to show partnership and connection can be used as a mark of quality 	<ul style="list-style-type: none"> can be difficult to build a brand that positively convey what you want to communicate Any negative connotations to your brand can be fatal, and not always within control 	<p>Make sure branding is included in the strategic decisions from the start, ensuring consistent high quality and positive identity building. It can be difficult to turn negative connotations around, if a brand has gotten too much negative attention consider changing the brand completely to start fresh.</p> <p>In case the region is well-known for it's local products, then it is useful to use the common regional brand in the products, which enable to make more efficient marketing by the network.</p>
Logo / identity	<p>It's a symbol or other small designs by an organization to identify its products. Important for the identity of the business products amongst competitors, and for building the brand. It is <i>comparable to a person's face and name</i>; each business needs one too - as a logo. The advantages of being recognized and communicating the same way, starts building a stable brand where the <i>logo is the "communicator"</i> on its own. The second time meeting someone, the business or products can be recognized, and activities are usually in focus, not "getting to know" the business again</p>	<ul style="list-style-type: none"> recognizable flexible and easy to use unique stable identity building support the feel of a products 	<ul style="list-style-type: none"> need to be well designed to stand out in a positive way any negative connotations can be fatal, and are sometimes unpredictable or out of your control it can be difficult to control usage 	<p>Make sure your logo fits your business' identity, also thinking about possible future developments.</p> <p>Ensure there are agreements for usage both for partners and customers, such as who can use it where and when</p>
Visualizing storytelling as a channel	<p>A social and cultural activity of sharing stories. It can be "told" visual, by mouth or on print. Every culture, local area, farm or producer have its own stories, which are shared as means of <i>value or recognition</i>. The term "storytelling" in marketing is a loser version, specifically to written or visual experience. As branding might ease the challenge of getting an audience's attention, and <i>helps remember the brand and logo</i>, it appeals to people's emotions. Emotions builds relations, which is needed to build a brand. Good, believable and unique stories about relations to farms, producers, manufacturers, places and products need to be told, written down or shown by photo. The story needs to be present in everything. Branding opportunities given are only to say just a little bit, content must be heard, seen or read.</p>	<ul style="list-style-type: none"> gets positive attention to the brand through appealing to emotions gives impression of truth and real value distinguishes product from mass produced food and other similar products recognizable 	<ul style="list-style-type: none"> can be difficult to convey often only available to communicate in small spaces or short time frame too much homemade "feeling" can damage credibility 	<p>Make a visual way of storytelling by pictures of farm, producers, environment, product, history, use etc. Professional/ high quality photos are recommended. Communicate clearly through personal meeting, info-sheets etc to customers who will resell products to end consumer. Storytelling similar by email, business card, social media, ad etc.</p>
Communication strategy to target customers	<p>Links between target group and the network is building trust and understanding. Creating a communication strategy for the business can be a tool to help stay true to the brand as a business grows and develops.</p>	<ul style="list-style-type: none"> important to ensure you are communicating your brand and story in a positive way can help build relationships and lasting loyalty 	<ul style="list-style-type: none"> time consuming and possibly difficult not all customers respond to the same communication strategy 	<p>Make sure communication is part of the marketing strategy</p>

Table 8: Customer relationships, including pros, cons and suggestions.

5.2 | Customer service for strengthen relations

Customer service is the process that makes sure that a customer is satisfied with all the aspect around the product and services linked to the product. It is the act of providing service before, during and after the buying process and as important link to the target customer group. The companies which understands and provide great customer service is more likely to generate more income and revenue, because loyal customer shops products repeatedly without owners need of putting effort or hours in a process. Great customers service paired with high product quality, is elements that enhance the customers value of purchasing and choosing their collaborators, especially in the premium market. Right customer service in B2B markets has become more important. By embracing the technology that is available, the opportunities have increased for getting and keeping in touch with customers. The brand gives expectations to get the same service quality, no matter where the customer meets or purchase the networks product.

Service quality can be divided in different dimensions like physical dimension (equipment), politeness, competence, willing to assist the customer and empathy. Customer service depends on all the supply chains contributions and should be implemented throughout the whole value chain from the producer, the inbound logistics, operations, outbound logistics, marketing and sales and service.

Loyalty programmes are useful tools for rewarding your long-term customers, so they feel that their loyalty is recognized and valued. This kind of programmes can include discounts, special offers, small gifts etc.

Suggestions: *To create more value on the products for the customers and in second hand for owners:*

1. *Basic knowledge: understand and know how partners organize themselves and the way they are thinking, promoting, marketing, and handling the original product. Expertise and customers knowledge are valuable in relationship with the customers so gets as much as possible information about their partners and their partners customers.*
2. *Evaluation from the customers: This part of the communication giving useful response for developing own business, products and services to the better. By listening to the customers feedback, the relationship is usually strengthened. The feeling of being asked for opinions might be feeling of being heard and respected as a customer also creates links to a business.*
3. *Communicate the expectations to partners meeting end users, to give the right level of service for premium products. A distribution company need to study, understand and provide service matching their products to customers' needs and their opinions, to strengthen their reputation.*

Summary: Customer service is the process that makes sure a customer is satisfied with all the aspect around the product and services linked to the product, before, during and after the buying process. Understanding and providing great customer service is more likely to generate more income and revenue, as it gives value to the customers, and creates loyalty. Loyal customers buy products repeatedly without owners' need of putting effort or hours into the selling process. Customer service is important and should be implemented throughout the value chain. Technology can enable better and more efficient service, by improving customer communications, logistics, traceability and reliability.

Summary of chapter: How can relationships be built with new and existing customers?

The most expensive loss for a business is the loss of a customer. It is therefore highly important to know your target customer segments and to establish and maintain good relationships with them.

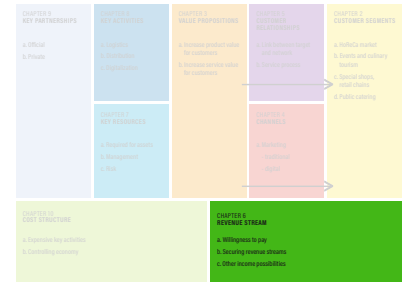
Value propositions as “Branding”, “Logo/Identity”, “Visualizing storytelling”, and “Communication strategy to target customers” are ways of fostering relationships with customer segments.

All of these require an investment of time and effort, but the potential gains by having a loyal customer base, an easy-to-use service, a recognizable brand, a clear story for your customers to know and share, make it worth the investment.

How to create a relationship is the biggest hurdle. Knowledge of target customers and the channel on which to reach them is paramount – otherwise you end up telling your great story to the wrong people.

Keeping a high level of customers service throughout the buying process is tough, but it is important to take care of your customers both before, during, and after the buying process.

Technology can help by letting you more easily keep in touch with customers regarding feedback, service, offers or similar.



6 REVENUE STREAMS

The revenue streams are result from value propositions successfully offered to customers. Sale and deliveries provide income for a local-food and distribution network, and storytelling builds the long-time relationship by trust and credibility. To achieve wanted revenue streams, it's important to understand customers way of thinking about pricing and investigate own costs to be as efficient as possible. Contracts lower the risk of losing or get reduced revenue streams. By knowing and understanding established or new markets well and marketing it right, a sale has a big chance of being a success. Selling and increase value is essential for the producers and result of all marketing plans. Sale is the operative activities of branding and market strategy. A seller usually gets one chance to sell and must use it well. If it takes too long between sales and re-order, the seller must start over again. Without following up customers and suppliers, someone else might take your place in a market.

Summary: Revenue streams are the results from value propositions successfully offered to customers, with sales as the operating activity following branding and marketing.

6.1 | Customers willingness to pay

By enhancing the value, the willingness to pay the cost of handcrafted products usually is increasing. Some customers aim to lower the price in every agreement, especially the retail/supermarket and bigger event bureaus are professional and hard partners to come to terms with. Experiences made; Letting food networks into their market, and after 12 months when owners start to depend on this customer, the prices are pressured down to almost no profit. If the product is unique, add an extra value to end customer or meet the customer needs, the customer usually doesn't mention the price. Storytelling by branding, packaging and feel of quality, showing identity/traditional to a special region or a feel of a premium product, is enhancing the value of a product/ service. What customers pay will vary from product to product. Newcomers and small family businesses tend to forget costs for own hours or storage and distribution, some feel bad if the prices are in the high end if the relation is strong towards the customers. A lot of owners tend to look at the prices in the market and stay at the same level, without looking into the real cost and value. Growing as a local-food network will increase income, however the cost will usually increase as well. The biggest challenging by pricing low from the start; its hard or impossible to increase the price later.

A sales budget is built up by a pricing model that simulates prices based on the cost of production and shows profits if probable retail price is used. Each product can simulate a price on different batches of production, and it is recommended that the business use as large batch as possible when calculating prices for each product for best estimation of prices.

CHAPTER 6 REVENUE STREAMS

Type	Description/Characteristics	Pro	Con	Suggestions
<i>Customers willingness to pay</i>	Customers' willingness to pay is the basis for basic income. It is dependent on what value the customer place in the product, based on quality, uniqueness, story and service. By enhancing the value, the willingness to pay the cost of premium products increases. What is the product value for the customer and how much can we charge based on this?	<ul style="list-style-type: none"> the right customer will pay premium price for a premium product Growing as a network will increase income, as it increases value for a customer 	<ul style="list-style-type: none"> Challenging to communicate product value minimum price required based on product cost may still not match customer willingness to pay, especially compared to conventional competing products 	Give the customers the unique product they are willing to pay for. In order to keep the price and get a profit, use storytelling by branding, packaging and feel of quality, show identity/traditional to a special region or feel of a premium product.
<i>Accessibility of products</i>	Local food network can increase accessibility of products for customers by gathering products from several producers with one access point. This can add revenue through increased sales, but also through producers' members' fee and sale royalties.	<ul style="list-style-type: none"> Can increase sales through accessibility an advantage for all parts 	<ul style="list-style-type: none"> Need sustainable and fair agreements for pricing Testing prices and royalties might be necessary 	Charge a variable "royalty" per sale of producers, charge a members fee for making their products more accessible to the customer. Recommended royalty 20-30%.
<i>Distribution service</i>	Distribution is mainly a cost that needs to be covered. by one or more of the partners of the network. It can be included in the price per product or be an extra cost per delivery, or it can be a fee or part of royalty for the producers. If running your own distribution service you can achieve extra revenue by offering services to others outside the network	<ul style="list-style-type: none"> well functioning distribution services can increase product access and customer value, thereby increase revenue. extra income by cooperation 	<ul style="list-style-type: none"> Hard to get right price and balanced results for all parts difficult to decide who should cover cost 	Decide who should cover the cost of distribution and where this cost should show. It may be advisable to "hide" this cost from customer by including it in the product price.
<i>Logistics for shorter supply lines</i>	Included in product price Covered by owners/network Search and test efficient solutions From network/partners: Monthly cost for members or partners in business? Lower cost for owner	Value for producer & owner Cost-efficient distribution solutions Shorter supply lines, less personnel	Balanced results for all parts Research and testing for shorter supply lines and better flow	Communication and collaboration to solve challenges and agree on solutions Increased efficacy gives stronger economy
<i>Marketing</i>	Cost network/partners <ul style="list-style-type: none"> Charge fixed cost pr month Charge marketing or image 5% charge pr product Cost customers: in the price	Increase interest and sales volume Loyal customers	Agreeing on solution Get the right price	Find balanced solution which suites network, market and partners

Table 9: Revenue streams, including pros, cons and suggestions.

Adding value to a product is both difficult and simple. The local food, as specialty and premium products, add value the customer is willing to pay for. If the values are related to distinctive or unique characteristics and quality of raw material, processing method and prescription, especially if the craft is made in connection with production, place of origin, traditions, etc. it increases the value. The challenge is to tell the story. In addition to raw materials and basic production costs, other material investments, machinery, storage, etc. need to be in the price. It is important to incorporate the cost of human resources, as this can be neglected by smaller and less experienced producers who often do not use hired labor. A realistic account of hours used to produce a product should be included in the cost calculations. To balance it; it is important to price products according to market demand and supply. Matching the market and competing products in terms of type, quality and availability is important factors to consider when deciding the price. Distribution costs also need to be considered, if this is not covered separately.

CHAPTER 6 PRICING MODELS				
Type	Description/Characteristics	Pro	Con	Suggestions
<i>Sales budget</i>	Build up by a pricing model that stimulates prices based on the cost of production, Shows profits if probable retail price is used Know costs: Fixed & variable	Overview and aim Guiding the activity level	Some aim for + 55%, some for +25%	The recommended surcharge in the model is variable for a sustainable business. Try and test
<i>Adding value to product</i>	As customer is willing to pay for, related to distinctive or unique characteristics and quality of raw material, processing method and prescription, place of origin, traditions	Be proud and know your value	The feel of having to defend the price = businesses must defend themselves	Tell the story Exclusive look Good labels Product sheets
<i>Incorporate the cost of human resources</i>	In addition to raw materials and basic production costs, including other material investment, it is important to incorporate the cost of human resources	Gives a more realistic product costs, get payment for the work producer does	The more complex activities/ deliverance the more difficult is to calculate the human resources costs.	A realistic account of hours used to produce a product should be included in the cost calculations
<i>Incorporate the cost of distribution</i>	Farmers and small producers often forget - at least in the start-up phase - to calculate distribution costs	In case the distribution cost is incorporated from the outset, the producer doesn't need to raise the price later	Some customers are not willing to pay "extra" for a product	The cost of distribution can be calculated as a price per package or as a % from the selling price. It might be incorporated in the selling price and the producer can offer "free delivery".

Table 10: Pricing models and tactics, including pros, cons and suggestions

Summary: Awareness of cost versus customers feel of value, is one of the most important parts of getting the right price and creating a revenue stream. By understanding how to enhance the value for the customer by storytelling, including need to balance knowledge of the actual costs and baked this into a price to be sustainable as business.

Budgets helps understand the facts and how to handle sale and pricing better. By more efficient steps in all processes will get a better result for the business. Results demand increasing prices or cutting costs to be more viable sometimes, but always give enough feel and understanding of the value to the customers, so they are willing to pay the chosen price. A good pricing model and being true to this is important. *Attachment:* Excel: Pricing model

6.2 | Contracts securing revenue streams

To secure revenue streams, it's important to have agreements. Local culture differ of what works or not in the area, however it is useful to be aware of risk and value of agreements. Trust is important but a signature is useful to lower risk.

CHAPTER 6 RISK REDUCING AGREEMENTS

Type	Risk	Description/Characteristic
<i>HoReCa- market (B2B)</i>	High	Agreements for price/volume/responsibility/return Agreement date for payment Agreements for cancellation of order Own Strategy Product sheets or information/Storytelling Season calendar/product lists
<i>Events and culinary tourism</i>	Low-medium	Agreements for price & food safety Agreement date for payment & cancellation order Season calendar/product lists
<i>Special shops farmers market</i>	Low	Long time to market Agreements for food safety/price/volume/responsibility/return Agreement date for payment & cancellation order. Market- strategy, know customer groups. Product sheets or information Season calendar/product lists
<i>Food chains & Supermarkets</i>	High	Agreements for price/volume/responsibility/return Agreement date for payment Agreements for shelf management and responsibilities Own Strategy Product sheets or information (storytelling) Label/logo (storytelling) Season calendar/product lists
<i>Web, web shop/ social medias</i>	Low	Long time to market Agreements for price/volume/responsibility/return Agreement date for payment Season calendar/product lists

Table 11: Example of useful agreements to **customers** and information for the customer group

Summary: Agreements helps controlling the risks to secure the revenue streams. Usually agreements are prepared in the start of a business relationship, or when changes are made. The higher risk, the more important are the signed agreements. They are useful when disagreements accrue, and make the rules for solving problems.

6.3 | Additional income possibilities

Depending on market and target group for a start-up distribution network, there are different possibilities to combine solutions until a clear business model is developed. A new network needs to use a strategy and follow the plan. However, start-up is a critical time and a phase of uncertain progress, result and reaction from a market. Different income possibilities might be useful to be taken into consideration and tested over time, for some periods. Budgets and liquidation budgets will help controlling the financial situation every month. Opportunities might increase by using own established infrastructure and facilities for selling local-food products for B2C development entering new B2B markets. Opportunities are wide, but challenges and risks vary:

Summary: A business start-up may need to test several income possibilities over time before setting a long-term strategy and building a sustainable business plan. Budgets and liquidation budgets will help controlling the financial situation on a regular basis.

CHAPTER 6 REVENUE STREAMS- OVERVIEW INCOME POSSIBILITIES

Type	Description/Characteristics	Pro	Con	Suggestion
HoReCa	Restaurants and tourism companies have increasing interest in local food, especially in relation to the "story" which is actively added as part of the meal experience.	One delivery Lower distr. cost Like variable seasons Full seasons Visibility and good storytellers Wide specter of product sale	Cooperation is demanding Delivering time is short Volume might be too low in startup	Need understanding value creation between the parts in the value chain, to get the right price from the target customer. Communication is important Storytelling to customers customer to get good price
Events and culinary tourism	Short-term sales and may probably work to the greatest extent as a marketing initiative for a company.	Particularly effective for new entrepreneurs Know customers Feedback customers	High competition Price pressure	There must be a clear overview of where the customer can get this product out of a event and deliver the volume
Special shops: local food, craft/ giftshops Tourist shops/ Cafes Farmer shops Farmers market	The success of the reconciliation confirms the desire for short supply chains, both from the customer and the producer side, but a newcomer needs time to market and network building	Visibility and storytelling Wide specter of product sale, Gifts All year/ season	Variable volume, small deliveries, expensive distribution	Collective distribution through cooperation is also a great springboard to succeed in exporting. Increasing competition, saturated market, high degree of copying.
Retail chains & Supermarkets	Product access: Supermarkets & chains already have focus on selling local food. However, this varies a lot in the ten countries, also regionally and depends on staff interest (often purchasing managers/retailers)	Stable volume All seasons Stable delivery, low distribution cost Promotion handled by shop Visibility	It is resource – intensive to set up in the store for promotional measures, also competition and the pressure of reducing price is usually high Storytelling disappear	The challenge is the demand of high and even volume, and supplier is vulnerable with only one customer. One cannot expect the shopkeepers have significant knowledge about the product and provide storytelling, so sales are passive, and the shelf placement is incredibly important
Public catering	Long term deliveries It is pre-agreed volume, seasonal products, delivery time and dates	Easy to plan and opportunity to develop by contracting more producers. Stable volume All seasons Stable delivery, low distribution cost Long time relation Stable payment	Hard to gain t and time consuming to bid on contracts High volume might be hard to deliver from small scale Price sensitive	Useful to have longtime marketing and building relations to public catering/ communities to be invited in to bid on contracts. Easy distribution and logistics Safe revenue streams and longtime contracts stabilize the business

Table 12: Examples of income possibilities, including pros, cons and suggestions.

6.3.1 | Successful sale

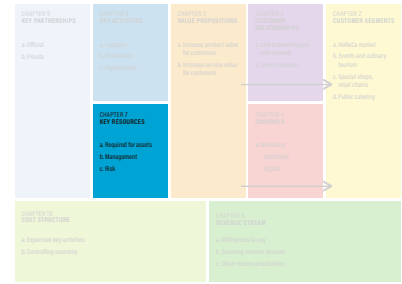
By knowing established or new markets and marketing it right, a sale has a big chance of being a success. Selling and increase value is essential for the producers and the network, and the result of all marketing plans. It is the operative activities of branding and market strategy. A seller usually gets one chance to sell and must use it well. If it takes too long between sales and re-order, the seller must start over again. Without following up, someone else has taken the market place, the item is out of stock or expired, discarded and forgotten and the seller must start over again:

Suggestions for successful sales for securing and increasing revenue streams:

1. *Logo and story, packaging, size and price may be the most important factors that affect the market. This need to be planned well in a market strategy (simple or advanced) and most important: performed the same, high level, every time.*
2. *A thumb rule may be that the maximum should be 10-14 days from the sale to the first follow-up regardless of the item type.*
3. *Use the manufacturer to have demo in-store, or in front of a market. This creates and strengthens the identity and story of the product, at the same time as the manufacturer sees the customer behavior and response.*
4. *Important to distinguish between delivery to stores, restaurants/cafes or direct sales (markets, own outlets, etc.). The product itself makes a difference, and marketing approach need to be different. Fresh foods need a fast route to market, and frozen and dry goods have different frequency. Inserting the volume /number of units into this, it will make the picture quite complicated. At the time of sale, it is important to know the market, i.e. find out how much can be the right amount for selling. For example, there is no point in offering a 10 kg carton of 30 units of lamb meat with short durability to a store that hardly has customers, it will be a big waste.*
5. *An efficient tool: Create your ideal customer in chosen segment and target group, both for customers to get to know the similarities and the biggest differences (hotel, a restaurant, cantina, etc.) Result is knowing the customer needs by knowing them better; and by knowing this, seller can meet their needs and future demands better. Planning of marketing, stock and distribution gets clearer.*

Summary: A criteria for a successful revenue stream is a successful sale. It is important to use a chance of selling well, and to follow up your customers to ensure a continued revenue stream.

Summary of chapter: Income and revenue needs to be linked to costs to ensure a sustainable business. Customers as bigger companies usually are slow paying the goods, and small scale-businesses might get liquidity challenges and need to be paid fast. Risk need to be considered while looking into new markets and partners. This might be challenge especially for the B2C entering the B2B markets, because there are different rules and timing in both revenue streams and payment time. Testing different solutions is very important when planning to reach into different markets, also considering different alternative income possibilities. A startup need income, but this might be available in a different customer segment than the network is aiming towards long-term. Sale opportunities are the activity of planning and marketing and having the right products. Agreements is advisable to reduce risk, because highly professional businesses might be hard to come to terms with after a demanding situation.



7 | KEY RESOURCES

Key resources are the assets required to offer and deliver in the company’s market offerings, customer relations and distribution channels as crucial to know and use to be an operative sustainable business. By delivering to new or challenging market it is a process of awareness that should results in an overview of needed operative suppliers and partners to be able to attract and deliver to target customer groups. The key resources don’t need to be in-house in own business. By making an overview of needs, own capabilities and consider established resources and assets it is possible and develop a plan for procurement as the budget can allow over a set period of time.

CHAPTER 7 KEY RESOURCES

Type	Description/Characteristics	Pro	Con	Suggestion
Market offerings	<p><i>Communication/design company:</i> For logo, branding and possible marketing strategy. Develop marketing material</p> <p><i>Consultants:</i> Planning and strategies, don't need this inhouse as start-up</p> <p><i>IT company:</i> Handling digital platform and nice homepage for social medias</p> <p><i>Memberships</i> to reach out</p>	All necessary knowledge available	Expensive Timing Long processes	Find suitable partners and build a long-time relationship, don't need to use time to get to know each other every time new tasks are ordered
Customer relations	<p><i>Producers:</i> network and possible suppliers</p> <p><i>Products and future possible products</i></p> <p><i>Overview of events and arenas</i> to meet customers and find possible customers</p> <p><i>Staff or Management:</i> for direct or indirect customer contact</p> <p><i>Accounting:</i> handling processes, knowing rules and regulations</p>	Right arenas to meet customers Handle complex tasks fast as specialists or educate you	Might cost money Time consuming	Use all "free" networks to find, get and build necessary resources
Distribution network	<p><i>External distribution partners</i></p> <p><i>Own drivers and available trucks</i></p> <p><i>Possible storage</i></p> <p><i>Various pickup places</i></p> <p><i>Producers deliver part of products</i></p>	Knowledge for options depending on growth and volume	Cost Location	Physical resources suiting size and complexity of business. Get to know your distribution network to have different options depending on deliveries and needs in growth and volume. Ability to building relations on behalf of your network
Management & staff	Competence Network Relations	Experience Know-how Motivation Development and day-to day activities	Flexible staff Responsible and structured management	Finding the right person to the right tasks is the most important resource, especially for vulnerable small scale businesses. Resistance to development

Table 13: Key resources, including pros, cons and suggestions.

Summary: Useful and important key resources in market offerings, customer relations and distribution channels will vary from network to network depending on form, level and complexity of the business.

7.1 | Management

The most important partner is own manager. Choosing the right management is usually crucial, because this is the glue between target customer, owners, producers, partners and staff so relation skills are important. A manager needs to be in control of the business and understand the main purpose(mission), the main direction(vision) and know and communicate what this business way of thinking and acting is (values) and knowing the rest of the framework and how to act in every situation and strengthen partnerships to get the activities solved at the right time. Manager also need to be in control of the right assets to make the business deliveries and services a success. See example below: A management platform is for management, all employees and partners for understanding the framework and rules as base for behavior and decision-making. Every business does this as a framework for everyone, for decision making and understanding the business aims, values and handling in the same way. By setting the direction for everyone, giving a joint understanding of the basic conditions of the business at a certain period the management and staff can secure the activities and behavior are in line with the owners' goals. The employees, owners and partners need to represent the local-food distribution network in compliance with the management platform. The management platform will differ from every business and doesn't need to be complex. Work one theme every three to six month for start-ups if necessary.

Summary: Choosing the right management is usually crucial, because this is the glue between target customer, owners, producers, partners and staff. Relation skills are important when choosing management personnel, as well as a good understanding and communication of a business' mission, vision and values. Apply a management platform for optimal management adapted to your business.

2. Example: Management platform for decision-making about future direction B2B

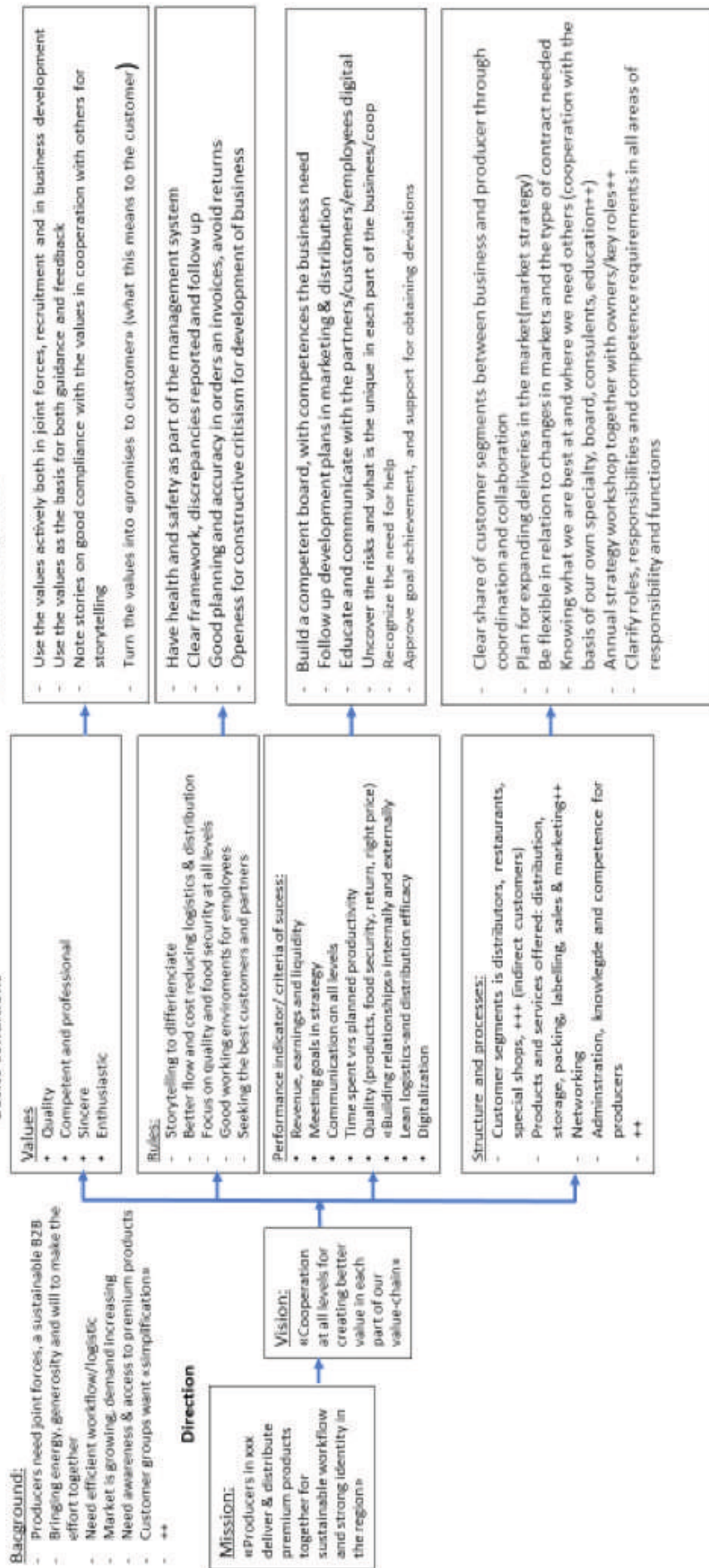


Figure 5: Example of management platform for B2B sales.

7.2 | Risk in management

Being aware of the risks in small scale businesses, gives the opportunity to reducing these. Considering management risks in perspective of own business situation, level and goals: Agreements in general are usually necessary for risk management in every business. Depending on size, planned development and maturity, a selection of agreements needs to be compiled. The most important management agreements are mentioned below. Mainly agreements are owner, management and board responsibilities, and seem like overkill for small businesses. Anyhow, in some form they are usually needed at some point, because trust doesn't always work by disagreements.

Suggestion:

1. Goal is to reduce risk; develop agreement before conflicts are an issue, in "peacetime". It's a lot harder to agree on terms if a situation have occurred.
2. Start choosing the most important agreements and develop one at the time (one per month or per 3 months).
3. Most agreements and templates can be downloaded at the web, but some need to be adjusted to local culture and each specific business.

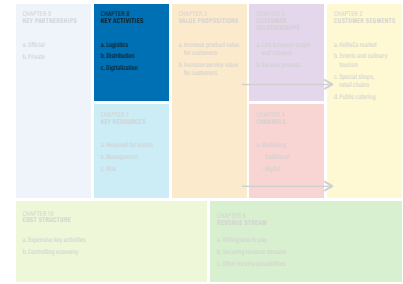
Agreements needed	Type	Content
Agreements, controlling ownership risks:	Ownership-based agreements: Agreed at a yearly owner meeting. For owners and potential owners, these agreements entail the possibility of gain in the form of dividends and / or share gains, but also imply unforeseen expenses, losses and getting in a deferred tax position	<ul style="list-style-type: none"> a Stock sales /share purchase agreement b Shareholder agreement c Board instructions and management agreement d Agreement associated with any advisors e Ownership schemes (share price model, option scheme etc.)
Agreements, controlling management and organization risks:	Management-based agreements (Decide in management meetings / single managers): For the manager, these contracts / agreements imply a good turnover, earnings, liquidity and solidity, as well as high customer and employee satisfaction and value development of the company, as well as subsequent good salary, many benefits and high status. Also, the risk associated with: <ul style="list-style-type: none"> • Reduced salary and any bonus and stock options • Loss of position, salary, benefits and status • Economic and social insecurity 	<ul style="list-style-type: none"> a Individual employment agreement with employees b Individual agreement with customers c Individual agreement with suppliers d Individual agreement with affiliated / collaborative agreements e Agreement with participants in networks, et
Agreements, controlling operational risks:	Board-based agreements (decided in board meetings: 4-8 meetings a year): For boards, these contracts / agreements imply the possibility of sound management and development of values, but also personal liability in relation to the loss of others: <ul style="list-style-type: none"> • Compensation for termination and other matters relating to employment • Loss of income and compensation in relation to customers • Debt collection and judgment due to lack of liquidity and payment • Loss of reputation, etc. 	<ul style="list-style-type: none"> a Job description and development plan general manager b Basic agreement with customers c Basic agreement with suppliers and partners d Basic agreement / framework for employment / personnel manual

Table 14: Examples of agreements, including ownership, management, organization and operational risks.

Summary: *The most important supplier and partners will vary, so building a wide network is important. By doing this, the development opportunities increase. Partners are useful to help solving or handling key activities. By out or insource key activities to trusted partners, the business risk and costs can be reduced.*

Management is key to success, even in small businesses and even if manager is doing all day-to-day work he needs to plan and develop the network, products, operations and result to be sustainable. The management platform unifies all the partners.

Summary of chapter: Key resources are each important part for every type of business, both in-house or external. To be able to meet customer needs and grow in a sustainable way, planning and budgeting based on the assets and resources, is necessary. Especially small businesses are not able to have all competence in-house and need to cover needs from specialists or other external resources. By knowing content and available assets of organizations, networks and people connected to own business, management planning abilities is easier. If management and staff follow the management platform as framework and rules for the business, they all know how to prevent risks by agreements, meeting the customers and how to secure sustainable operations. The management and staff know they have support and coverer needs to be able reach the goals for the business and owners.



8 KEY ACTIVITIES

The most important key activities are market offers, customer relationships and distribution channels because they all enhance the value propositions for the customers. Even key activities performed by business partners works well for the customer. One of the biggest worries for both producers and local-food network, is the cost of distribution. To become a successful local-food distribution network, handling of goods needs short supply lines of delivery to be efficient. There are different ways of handling distribution depending on area or covered region. If the network and producers are close to the market, one solution might fit better than a solution for distribution in more rural areas. Each network needs to select, and test out which method will fit own strategy, market and target groups. To be able to deliver the business propositions an operational plan needs to be made as a part of the strategy. Being aware of the most important activities for the target customer group, helps the business to stay interesting for the future as well. By understanding strategic assets, being aware of risks and own situation, development of a strategic activity plan can help meeting own and customers' needs for the future. Customers stay loyal and happy and the network stays viable.

Summary: The most important key activities of a successful local food business are market offers, customer relationships and distribution channels, because they all enhance the value propositions for the customers.

8.1 | Value chain

A value chain is a model for getting an overview and describe the full range of activities- including design, production, marketing and distribution; businesses conduct to bring a product or service from conception to delivery as earlier described. It can give a better understanding of key capabilities and identify areas for improvement in flow and help organizations to decide whether to extend or outsource some activities. The value chain starts with the raw materials/products and consists of everything added or handled before the product is sold to a target customer. Also seeing possibilities to solve or improve the challenges around logistics and distribution, in combination with the work process model.

Understanding business or networks' own value-chain as a local-food distribution company, is part of the base for success. Knowing the value chain and strategy for improvements, key activities can be planned to meet the customer value propositions. An overview of the value chain helps understand each area which need to develop to be more sustainable, and how this is linked together. Possibilities need to be formed into own strategy and activities for change as mentioned in the strategy in chapter 11.

Primary activities include the following: Production including planning, training/knowledge, maintenance, agreements, warranty and after-sale services (controlling orders, invoices and payment, - also following up customer satisfaction). Sales and marketing involving advertising, promotions, sales-force, distribution channels, pricing and managing the final product to ensure it is targeted to the appropriate consumer groups. Procurement is how the raw materials for the product are obtained. The support activities also help the primary functions and comprise the following: Inbound logistics are the receiving, storing and distributing the products to storage/warehouse. Logistics or Operations is the stage at which the products are prepared for distribution. Outbound logistics are the distribution and handling of the final product to consumers/buyers.

Efficiency can improve if products flow faster and safer through the value chain. The diversity of food products should be easier to find and delivered with higher quality and precision for the target customers. From a planning and management perspective, food is challenging to handle (Shukla & Jharkharia, 2013, Entrup, 2005). The reason relates to seasonal variations and long lead times for raw materials. In addition, demand varies according to season and weekdays. Food is a biological material and sensitive to the physical environment, and both uneven temperatures and odors help to reduce quality. In addition, limited durability that allows some of the traditional logistics strategies to produce stock, pending the completion of products to customer orders available, build inventories close to the market, cannot be used on local food (Vorst, 2000). As part of the industrialization of the food chain, the logistics infrastructure has gradually become less accessible and applicable to specialty food producers, shows studies from the UK. The existing systems have become proprietary and owned by food chains, major industrial manufacturers or carriers. The solutions are expensive, little flexible or not available to small scale manufacturers. Customer service refers to the activities and handling between maintaining the product's performance and level of operational activities also communicated in marketing. Feedback of the primary activities from customers is useful learning for development of operations, services and secure right activities and level of service.

Support activities includes activities human resource management and activities involved in hiring and retaining the right employees to help handle and market the product. Also a firm infrastructure refers to an organization's structure and its management, as strategy, planning, accounting, finance and quality-control mechanisms as mention in the strategy part, chapter 11. Parts or all of these activities are often outsourced.

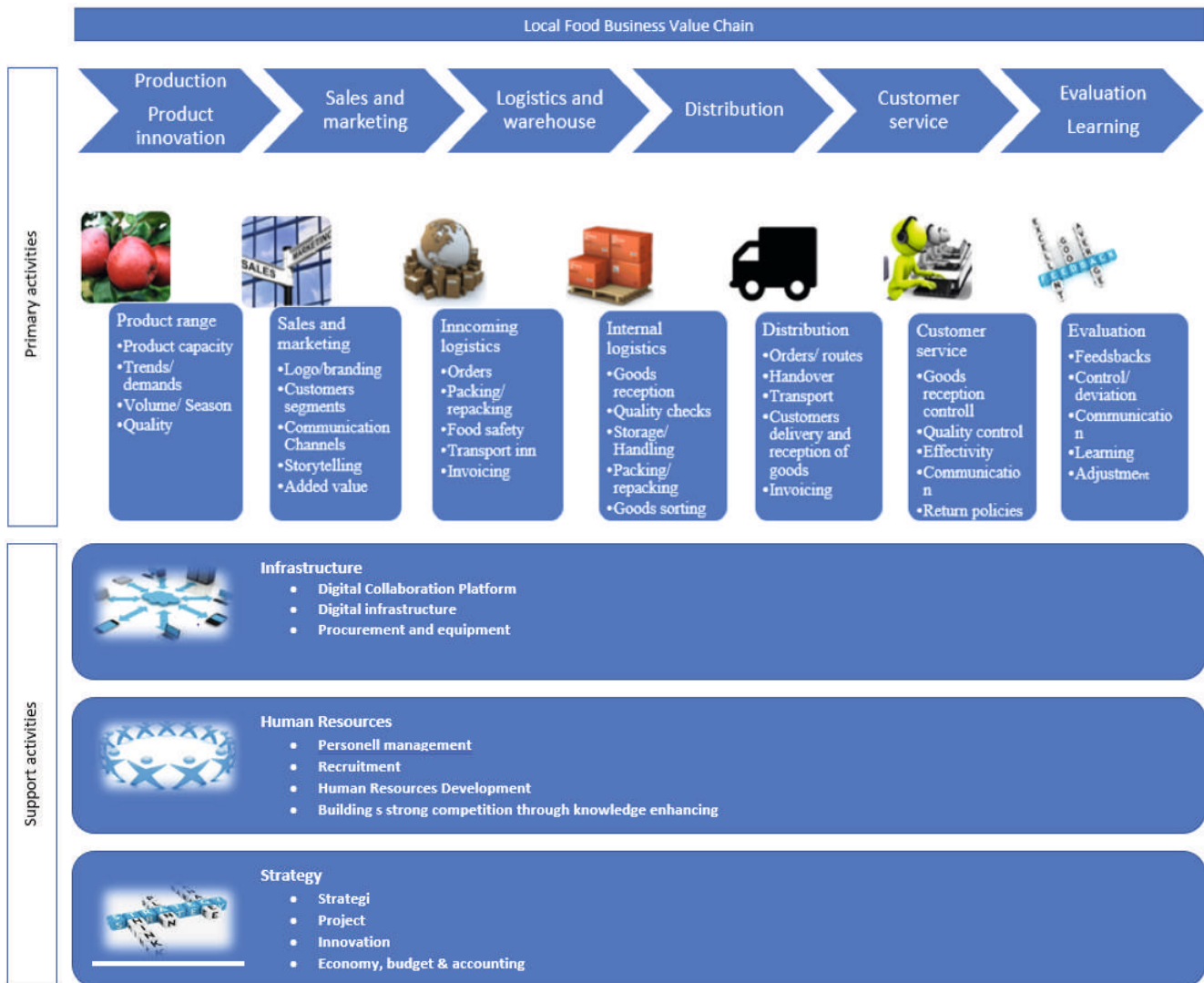


Figure 6: Value chain in a local food distribution network.

Summary: Working through own value-chain, the process or overview may help understand the flow and dependencies in an B2B local food distribution network:

1. *To increase efficiency:* The process of coordinating non-product-related activities with the main purpose of achieving the right service, in that matter of making the cost and customer service efficient. Planning well (content and workflow), by using technology and training staff is key issues to improvement.
2. *Collaboration:* The main activities in logistics are the transport, inventory and warehousing, but the businesses are changing rapidly, and a manager should consider building a supply chain partnership. The relationship between the manufacturer (local food producer), supplier, distributor and retailer must move toward getting more value, value added. All the parts involved in the process from the raw material to end user, must think about the logistic part as a diverse and dynamic function. This function should be flexible and able to change and adapt according to the various needs and demands on the market. From the physical product, distribution, business logistics, procurement and supply, product flow, materials management, personnel management, building relationship and partnerships, to the customer, all this is part of good and successful supply chain management.

8.2 | Optimizing logistics activities

An important part of the activities is traditional logistics as process of procuring and distributing goods. However, it is representing transport and storage, including the entire material flow from raw product supplier to the customer.

CHAPTER 8 KEY ACTIVITIES- LOGISTICS

Type	Description/Characteristics	Pro	Con	Suggestion
Logistics activities	Traditional logistics is the process of procuring and distributing goods. Its representing transport and storage, including the entire material flow from raw product supplier to the end user - or the customer. Both the physical displacement and all the processes involved around the product as well as the information around the product, is included when thinking logistics and supply chain management. Planning the layout involves decisions (e.g. receiving, picking, storage, sorting & shipping).	Reducing the high distribution's costs.	Effective logistics management requires enough infrastructure to support sustainable deliveries of the right product, quantity, condition, place, time & cost.	Keep as low supply as possible in stock, however, enough to be flexible and able to deliver fast to special customers.
Warehouse & storage	The flow and the way the products are handled, including storage of the products, are among the most important functions in the supply chain management and the logistics around it. The warehouses are a crucial, as well as integral part of the supply chains in which they operate. They are required to deliver quality and perform as all the other leads in the chain.	Designed and formed efficiently and cost reducing. Control & facilitate the transaction of the products through the supply chain to the end customer.	Having control on how much products/goods are needed in storage can be challenging without a proper control system.	Good inventory management system keeps track of which products are in stock, in order, and in backorder and which products have been sold to customers.
Packaging & Handling	Most products passing through a warehouse are packed or unpacked to protect or preserve it, improve its appearance, provide information, or facilitate storage and handling. Efficient ways of packing and delivering the products need a system designed for handling the product, orders, right quantity is required for picking and dispatching as cost- effectively as possible. It might be useful or a demand (by agreement) that producer label the products by own logo and food network joint logo (or as a part of own logo) barcode, etc.	Reduce materials usage Increase space utilization in the warehouse and on trucks.	Order- picking staff is most expensive	Demanding right labelling and information on each product from producers saves time of handling orders, packing and inventory of stock. Traceability is also easy. Suppliers educated for quality control & efficiency

Table 16: Logistics activities, including pros, cons and suggestions.

Summary:

Both the physical displacement and all the processes involved around the product as well as the information around the product, is included when thinking logistics and supply chain management. Logistics challenges are one of the barriers to small scale local food companies/ networks growth and success.

Effective logistics management requires sufficient infrastructure to support sustainable deliveries of the right product, in the right quantity, in the right condition, to the right place, at the right time and at the right cost. The logistics infrastructures of food supply chains tend to be fragmented and less efficient in rural areas, than the centralized distribution networks of conventional food systems, and are often not very developed towards automatic or electronic solutions.

8.3 | Distributin activities

The most important activity to reach out to the customer is distribution: *Distribution definition:* The movement of goods from point to point in a supply chain. Supply chains in every industry, face a variety of transportation-related challenges, including capacity shortages, empty backhauling and issues with security and contamination of the food.

Distribution is one of the biggest challenges for most of the small scale local-food networks. There are big differences when it comes to the landscape and the topography of each country. However, transport is needed to tie networks of businesses together. The importance of the transport in the supply chain is becoming more important than ever. Producers or networks in rural areas have distance demanding transport, which increase costs. Also, additional challenges occur; product handling, including food security and quality control, labelling for traceability, and invoicing.

While regionally-produced food travels much shorter distances from farm directly to customer, than food that is distributed via conventional supply chains, transportation is typically much less efficient for producers of specialty crops and niche food products, managing their movement from farm to market is much more complex and expensive than distributing conventional farm products. The smaller volumes and the necessity of keeping niche products separate from bulk commodities, add to the cost of handling and shipping. Investigations shows that the average load rate is less than 50% in commercial trucks.

Controlling the numerous fees charged by the provider is important so it doesn't get too expensive. Also controlling length of delivery times, if products are routed through a distribution center. Using a third-party as a distribution channel, might also reduce food traceability. To efficiently provide its customers with regionally-produced food, producers and companies need to build their own brand. Also lack of coordination between transportation providers and small producers can cause problems when products are not packed and ready for a scheduled pickup, or when there is no one available at a farm, storage or hub to load products on the truck or for deliver to a hub. Poor transportation coordination can also be problematic for producers who provide their own transportation. The largest, most famous and stable local food network in Norway, Rørosmat, tried early (like most other local food networks) in-house distribution, but this was canceled shortly due to high car and driver costs. Some of the interviewed businesses have inhouse distribution which gives them control, however after hiring drivers from outside the network.

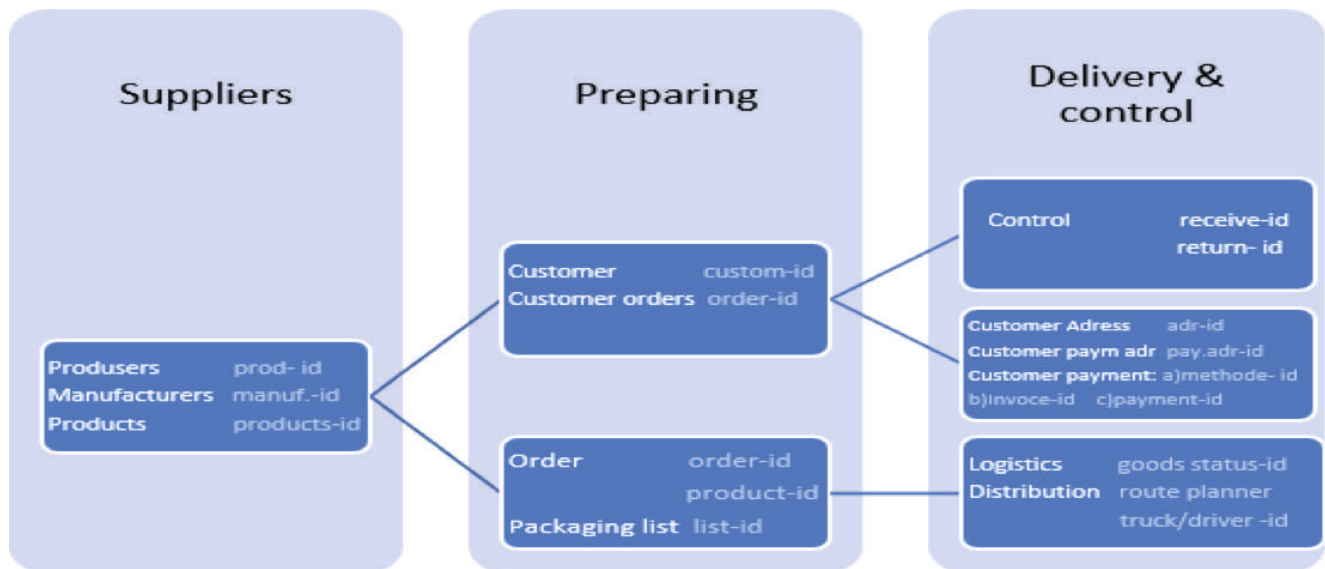


Figure 7: Steps and flow in distribution

Although regional food is not transported over long distances, transportation can consume more fuel than conventional food supply chains, as a result of inefficient collection and delivery processes. Small scale producers have low “food miles” but is inefficient, because of half empty trucks. Having accurate products weights allows trucks to be filled as fully as possible without exceeding weight limits. Food hubs/ networks should plan their deliveries according to seasonal supply and focus on serving nearby customers when supply is low. Because they are generally small-scale organizations, most participants do not use sophisticated software for transportation routing. Instead, they tend to rely on expert knowledge and informal heuristics. Their system uses a leased truck to make small deliveries directly to customers, and distributors are hired to handle large deliveries. If required the use of refrigerated truck and labor to load and transport the meat, send to a central warehouse, where they can be unloaded, repacked, and reloaded onto trucks and are then shipped to individual places. This network structure reduces the number of deliveries to the restaurants and stores, thereby decreasing overall operational costs. It helps farmers reduce their transportation costs by providing them with a single delivery point. A different strategy—it requires its customers to pick up products from conveniently-located distribution sites, which significantly reduces the number of deliveries stops for the food hub delivery vehicles. Maybe more than one sites available.

Logistics and distribution options are closely linked to strategic relationships and show that more producers and small business practice as ad hoc transport solutions. This means there is a need for increased consciousness and clarifying the importance of an efficient logistics system if it is designed in line with other strategies and objectives. The pricing of distribution seems to be the biggest worry for all the businesses and producers.

1. *Efficient route optimization and vehicle load rate maximization can help participants to reduce their fuel consumption and benefit from economies of scale. Although route planning is easier with software (see e-platform chapter), the associated costs can be prohibitive for small organizations, which have fewer trucks and stops to consider this. Google maps might be an efficient tool for route optimization.*
2. *Use different types of distribution-channels (see chapter 4) or vehicles for different kinds of deliveries. On-Time and Frequent Deliveries tip: make efficient use of truck capacity by pairing deliveries to high-volume/low-price (e.g stores) customers with low-volume/high-price customers (e.g., restaurants). Backhauling gives additional income from charging fees to producers.*
3. *Use of Google Maps or equivalent tools and regional knowledge to determine the most efficient routes. As a recommended practice.*
4. *To ensure that customers receive the freshest food possible, it is strongly recommended that participants try to deliver on time to meet buyers' needs. Institutional buyers often prefer multiple deliveries each week to avoid stock-outs and to minimize the loss of perishable items. Different offer to a small number of larger customers like daily or weekly deliveries of small volumes, which has attracted restaurants and has helped them diffe-*

rentiate themselves from other local food distributors in the area, plan and decide to increase the frequency of deliveries from once to twice per month when necessary.

Suggestions of transport to consider and plan:

Third-Party Logistics: Recommended practices: Contracting with a reasonably priced provider can be a good way to ensure on-time deliveries. They can distribute products very efficiently, allowing food hubs to focus on their core competencies. This is highly recommended for food hubs/networks that are in the early stages of their development. In most cases, these services may be less expensive than in-house distribution; therefore, food hubs need accurately calculate and compare in-house distribution costs with third-party fees. Chose regional companies to help them manage their transportation for different small-scale farmers and other food networks and assist with developing efficient pickup and delivery routes.

National parcel service and a national delivery service is sometimes useful, depending on product, size, weight and time. Some contracts with less-than-a-truckload carriers for non-local sales and works with a regional produce company to arrange both transport and/or backhauling and customer will receive them the next day. This kind of provider can be a practical solution for a regional food organization that is in the early stages of its development, before it develops logistics expertise and is able to invest in distribution infrastructure.

Early start-up can use the distribution services of a local food cooperative before gradually developing its own transportation and distribution network. However, the benefits of using a third-party provider do not always outweigh the costs.

Summary: All sale and activities need to generate revenue streams both products and services, even if they are baked into the price of the product. Pricing the product for the producers and for the owners is always a balance of selling in a market and giving profit to the producers and collaboration partners. The aim is to reduce cost by shorter supply lines and get payment for marketing and distribution.

A lot of local food is in the high-end price level and need special markets and target customers to be able to increase turnover. A lot of local-food network and startups find pricing hard to decide.

CHAPTER 8 KEY ACTIVITIES- DISTRIBUTION

Type	Description/Characteristics	Pro	Con	Suggestion
Incoming logistics in distribution	To get the delivery on time by the right quality, there are different ways of gathering the products before packaging, repackaging and distribution. Often solutions will depend on type of product and handling needs, volume and distance, all based on agreements. Products are usually split in a) need for freezing, b) need for cooling, c) stable room temperature	Driver picks up all the different goods and repacks in the car and delivers to other trucks/cars or by himself	Long travel distances can create problems, expensive to deliver, food security or quality challenges	If it's manageable for farmer/producer deliver product to hub, this might be a good solution if a group or a coop takes turn on deliver the goods and pick up the other partners products on the way.
Reverse distribution/return policy	Errors like low quality, damaged or wrong goods is very expensive for all businesses. Right handling requires attention and is becoming increasingly important to avoid reverse logistics and return policy. It is usually regulated by the legislation and driven by the growing use of internet shopping.	Attract customers, stay more competitive and increase customer satisfaction, improve the sales.	Food and raw products are difficult to return as they originally were at the delivering point.	Training cooperative suppliers of importance to deliver right quality and amount, training staff to handle goods, and an agreement on who have the responsibility is essential.
Collaboration	Participants can greatly improve the efficiency of a regional food system and can expand the by collaboration, and this can be critical to success, allowing them to pool their resources and efforts, rather than trying to do every job on their own.	Mitigate the risk through shared benefits and losses. Reduce costs.	Farm -level labeling would be necessary to enable each product's origins to be identified. Potentially increase the business risk and slow decision making.	If every participant in the value-chain take more responsibility (both internal and external partner), the joint result will be better. If the margin of error is reduced, the level of service and value for customers will be better
Challenges to consider in distribution	Maintain identity of product through supply chain: <i>Branding and labelling, and storytelling</i> . Costly physical infrastructure: <i>Plan routes and delivery service well, every time</i> . Knowledge of actual cost of distribution: <i>Planning and use pricing model, remember "hidden costs"</i> Tracing the products: <i>Labelling and orders</i> . Improving delivery coordination: <i>Joint E-platform for collaboration and timing</i> . Unreliable local delivery supply: <i>Agreements, demands and backup plans</i>	Strategic use of intermediate supply chain shows promises for increasing efficiency that could reduce local distribution costs.	Retention of product identity through the distribution channel	Scale specific to improve efficiencies in transportation and logistics means inventory management systems, traceability technology tracking of product, label including visible decreasing expiry date.
Sustainable distribution in urban areas	Usually there are various local solutions for distribution options, different prizes, reliability and professionalism. Uber or similar might be a solution in some situations. Various food couriers are available: motorbike, bicycles, persons, minitrucks	Offering flexibility and fast deliveries Shorter distances	Stop in traffic Smaller couriers have limited space capacity	The options are various and new solutions are often developing and available. Finding the right partners delivering right level of service, trust and capacity need some investigation. Written agreements is useful for collaboration
Sustainable distribution in rural areas	Distribution is an expense. A sustainable argument for not starting own distribution, is utilizing existing capacity. Usually there are local solutions for distribution options, research opportunities, flexibility, prize, reliability and professionalism. A lot of cars travel empty and Uber might be a solution in some situations. On FB, bigger networks help each other by transporting goods for each other (not reliable if frozen or chilled goods). This means that there is a lot of free space available to buy from someone who has already taken an investment cost and is interested in reducing their costs.	Helps reduce costs as well as strengthen the sustainability.	Collaboration and joint development are necessary and important to develop local or national opportunities for both network and distribution.	Local solutions doesn't always exist in rural areas. For small scale networks, various solutions are recommended, especially in the phase of start-up, because of variable volume and limited finances. To be sustainable, investigate local opportunities, flexibility and prices: a various portfolio of possible distributors is important.

Table 17: Distribution activities, including pros, cons and suggestions.

8.4 | The channel of customer value proposition by distribution

To enhance the value for the customer, different channels to deliver the goods to the customers need to be considered. On one hand, this is one of the most important service to solve in a local food network distributing the goods all the way to the recipient, and on the other hand this is the most expensive and possibly a time-consuming activity as well.

Summary: Which distribution channels work best?

By knowing the importance and opportunities of distribution solutions in own region or area. Price is challenging for most network. Collaboration and flexibility are important to get the best solution, every time.

To enhance the value for the customer and also be sustainable as a business each network needs to choose what distribution channels suits own business depending on level and volume, and how far it is to market. Usually a combination of solutions in the beginning and when volume and finances are more sustainable, one solution is better.

CHAPTER 8 KEY ACTIVITIES - CHANNELS FOR DISTRIBUTION

Type	Description/Characteristics	Pro	Con	Suggestion
Owners Distribution	Small local food networks/companies often use their own trucks or vans for deliveries	<ul style="list-style-type: none"> flexible direct contact with customer easy to know customers, building a relationship, get direct feedback on products and service allows direct marketing 	<ul style="list-style-type: none"> expensive to hold and maintain own vehicle/personnel a lot of the costs are hidden/forgotten, and not reflected in the price of the products different products sometimes require different types of transport 	<p>May be good for a start-up business to use own vehicles if delivery frequencies are low or in rural areas with few established commercial routes. Good for getting to know your customer by direct contact and</p> <p>Allows flexible deliveries.</p>
Producers & supplier distribution as channel	Producer or/and supplier might do all or part of the delivery themselves	<ul style="list-style-type: none"> may be a cheaper option may utilize existing routes and resources producers themselves may be a good channel for marketing 	<ul style="list-style-type: none"> business have no direct contact with customers possibly no marketing opportunities no quality control of labelling, packaging or handling of products 	<p>This might be a good option in rural areas with low delivery volumes which require little/no repackaging.</p> <p>Need to have responsible cooperation parts</p>
Collaboration distribution channels by producers & owner	Horizontal collaboration by organizations in supply chains; clustering logistic activities, shared consolidation centers, joint trucking routes and pick-up places, or optimization of transportation network across multiple competing supply chains.	<ul style="list-style-type: none"> better utilizes assets, using empty trucks on return effective improves efficiency reduces costs and use of time from producer to customer 	<ul style="list-style-type: none"> technological barriers across different organizations lack of trust between coordinating partners may be complex because of planning and timing of deliveries hard to ensure storytelling and branding through all logistics 	<p>Collaboration is the most important transportation practice in supply chain channels for improvement for small scale businesses. Consider using an e-platform for organizing. Make sure there are long term strategic plans for logistics and handling. Recommended clear agreements in place.</p>
Third party or commercial carriers	A logistics provider which manages one or more logistics processes or operations for other companies.	<ul style="list-style-type: none"> often provide digital solutions for order, tracking and invoice through inexpensive e-platforms or software solutions. often well-established routes and high frequency, capable of transporting a variety of goods often professional handling and established food safety routines 	<ul style="list-style-type: none"> not all third-party organizations are professional or experienced often require specific packaging and labelling, which can be time consuming and costly price can be high with low delivery volume, often dependent on reaching a certain volume to justify price per delivery digital solution might be demanding for a small network and might be expensive 	<p>Commercial carriers and third-party distributors can be useful if there are well-established routes, professional handlers and the price is right.</p> <p>Digital platforms are often demanded by these, which are professional and usually have low user threshold.</p> <p>Digital solution solves a lot of challenges for a small business and might deliver “from order to payment” solutions. If expensive, make a budget to get an overview of savings in time and money</p>
Commercial food trucks empty on return	Empty return trucks can carry local food back to stores or to the Horeca market.	<ul style="list-style-type: none"> usually works well in urban areas with distribution mostly going one way also works well in rural areas with established routes can be cost-efficient traceable 	<ul style="list-style-type: none"> may not be available in your area can be difficult to organize logistics handling need timing which can be challenging due to Baltic Sea region weather in winter 	<p>Highly recommended, especially in combination with producers/suppliers delivering at agreed delivery places or trucks do the pickup by producer. Works well with small-scale deliveries</p> <p>Usually inexpensive and professional handling of produce</p>
Ad Hoc channels	Using a variety of distribution channels, both commercial and private, dependent on delivery and convenience	<ul style="list-style-type: none"> allows flexibility for start-up, when it usually is hard to plan deliveries enables you to choose the best and most cost-effective solution per delivery 	<ul style="list-style-type: none"> time-consuming often trust based and vulnerable may not be very efficient transport may not be trackable or traceable, hard to ensure quality control 	<p>This can be very useful for a very small company, or at the very beginning of delivery activities. Use your network and knowledge of possibilities</p>

Table 18: Distribution channels, including pros, cons and suggestions.

8.5 | Digitalization

The digitalization era is here and demands changes for all parts in a value chain. Digitalization is a management task, but all the relations and partners involved in the activities need to develop and learn some of the digital handling, voluntary or reluctant.

Summary: Most future local-food distribution business will have most or a few digital elements in their key activities: marketing, information and sale, supplying, logistics, storage, distribution, collaboration and maintain relationships with customers and administrative flow. To develop into this digital era, education for partners, producers, staff and customers is necessary and useful, it might be a demand in a few years, so all organizations need to be prepared for this. It will save the business a lot of time and give control of orders, deliveries and payment. It's advisable to use well developed and general software solutions which will be updated long-term to save costs and time.

CHAPTER 8 KEY ACTIVITIES - DIGITALIZATION

Type	Description/Characteristics	Pro	Con	Suggestion
	<ul style="list-style-type: none"> Digital system mainly provides systematic approach to information and if well planned, helps at some point to gather statistics and comparisons. It usually makes standard procedures as easy as possible that otherwise need to be carried out manually, every day. By digitalize the process of purchasing, everything must be clearer than in case of regular offline purchase (like on markets or shops). Conditions and characteristics of each product/product category must be so clear that the customer understands without looking at the real product. Demanding segment like business customers selling to end customer, demands the same kind of attention to avoid resentment. Different parties of the product sale lifecycle demand a different variety of functions to carry out their everyday routines, therefore a good e-platform integrates with different parties at the right level 	<ul style="list-style-type: none"> Shows product information and available volumes, season calendar and weekly updated lists Centrally managed and integrated solution involves all the parties to one system, all information can be once entered and reused. Storytelling is easier. System helps gather information into one structured digitalized ecosystem, taking out the everyday routine tasks, that can be carried out online 	<ul style="list-style-type: none"> E-platform is not a magic tool that does everything and replaces personal communication, but if well planned/selected/developed, it is a useful tool to help manage and categorize information, it helps automating the processes and routine tasks, depending on its functionalities. System provides a channel for making the orders, but customer service can take care of the personal connection Farmers may always not be able to have their online presence, they need to be on the “field”, so are chefs in the restaurants. Online presence is difficult to achieve Personal communications via regular channels are still needed to carry out a full cycle of communication between parties, with support of a complete e-platform it’s much easier and clearer.Keeping and growing good relations by communicating enough and conveniently with other parties, at the same time keep track of products, orders, delivery notes, invoices and payments is challenging 	<ul style="list-style-type: none"> To achieve a certain convenient routine and impeccable documentation of different actions, it is vital to use tools – e-platform to systemize and archive data and meetings, phone call, SMS, instant messaging and e-mails to keep communication channels open at suitable times, ways and occasions As a food network you should consider using a piece of software that provides you with the vital everyday features like ordering, delivery notes, labeling, billing and sales analysis. A software solution that you are planning to use will also give you a direct sales channel for end customers like a web shop or an ordering system
Digitalization				

Table 19: Digitalization activities, including pros, cons and suggestions.

8.5.1 | From order to payment, controlling flow by digital tools

A lot of networks still accept on orders via phone, which is challenging for traceability and overview of orders, including lack of history per customer. If phone is the chosen tool for orders, every order need to be “punched” into own system and confirmed via email, this is time consuming and expensive in use of time, easy to get errors and considered unprofessional. Even though it’s convenient at the time for both parts, it doesn’t give any development for the business towards professionalism. By today, by digitalizing “showroom of products”, product lists and volume (season), communication, sale, order, handling order, invoicing, payment, economy and budgets might save a lot of staff hours and administration time. Orders, invoices and payments will be traceable and easy to find. As a new business digitalizing need to be in the long-time strategy, however building a flow and system can be done step-by-step, and one part of the time.

Summary: By shorten the supply channels, marketing, distribution, logistics and handling of products need to be as efficient as possible for a successful business. However short supply lines in administration, will save a lot of staff hours and costs for a company. Everyone in the customer target group might not be ready for digitalization, but customers, chefs and suppliers can develop or be trained to handle your system in a joint effort.

- *Customers and suppliers need to learn to use order system and correct ordering, and staff need to promote and teach the users as a service.*
- *Liquidity challenges usually occurs if time between delivery of goods and payment is long. Simple actions like reducing the time of invoice payment can improve and give more cash flow. Also follow up payment in time is very important and easy when its digitalized.*

Summary of chapter:

Delivering the value proposition to customers is possible when the assets or the right partnerships are organized. Performing key activities is the expected delivery to enhance the value for the customers.

- Key activities which are most important to market offerings: Digitalization and flow in administrative activities. - Key activities which are most important to customer relation offerings: Marketing & sale, Service and customer responsiveness, Communication, Collaboration in logistics and distribution.
- Key activities which are most important to distribution channels: understanding the value- chain, Logistics and flow in warehouse, Packaging and handling, Other distribution activities and understanding distribution flow

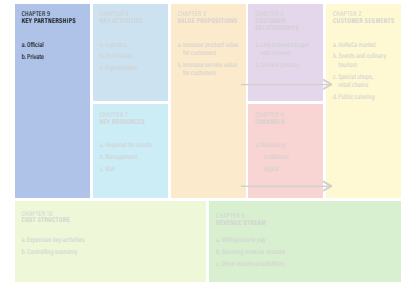
Using appropriate distribution channels adjusted to own business level helps optimize a supply chain transportation network towards result in reducing costs, improving service levels, and improving supply and delivery reliability. By finding the best solution it strengthens the value for the customer and for the business. By sharing information between distributors and customers will enable them to identify delivery problems as they occur. This helps effective labor utilization, optimized facility location selection, adequate infrastructure development, effective storage, picking, and packing policies, and collaboration and resource sharing within and outside the supply chain for warehousing activities.

Service quality and customer responsiveness are also important considerations so being located near major customer bases enables warehouses to provide just-in-time, smaller, and more frequent shipments to customers, even though this is not easy in rural areas. Most important is being accessible by roads for the suppliers, and easy access to roads towards the customers.

CHAPTER 8 KEY ACTIVITIES – E-PLATFORM & DIGITALIZATION

Type	Description/Characteristics	Pro	Con	Suggestion
Producers tasks	<p>Expectations: Deliver products on time, by right volume and quality</p> <p>Traceability by label and branding</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1. Follow-up order and packaging as ordered 2. Updated product list and season calendar including volume 3. Price adjustment/ agreements 4. Handling goods/ and quality agreement 5. Brand- building identity 6. E- platform and web use 	<p>Keep track of the availability of the product and have control on the customers demand.</p>	<p>Get producers to use digital solutions</p>	<p>Ensure producers know exactly what their responsibilities are through written agreements. To start with it may take some effort to get them into an efficient working routine.</p>
Customers tasks	<p>Expectations: Order, collaboration, Follow up</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1. Order at web or E- platform 2. Contracts/Agreements 3. Order traceability 4. Handling goods/safety 5. Acquisition to receiving 6. Communication 	<p>Get an overall overview of the available products</p>	<p>Get customers to use digital solutions</p>	<p>Establish good routines through formal agreements from the start to ensure good customer relationships and loyal customers. Make an effort to help them using digital solutions for efficient handling.</p>
Networks Tasks	<p>Expectations: Strategic control, Flow</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1: Market products towards customer groups 2: Management & control: registration orders & adjustments 3: Control stock 4: Book from suppliers and producers for market needs <p>Expectation: Collaboration</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1: other networks, supplier, buyer 2: distribution/warehouse 3: provide e- platform/software <p>Expectation: Marketing</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1: Marketing plan 2: Sale 3: Control 4: Follow up <p>Expectations: Logistics & planning</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1: in house control: stock & warehouse 2: Picking & packing 3: Market material & branding 4: Timing 5: Stock control <p>Expectations: Distribution</p> <p>Activity online:</p> <ol style="list-style-type: none"> 1: Orders: vans/trucks, date, volume & type goods 2: Route planning 3: Timing goods in & timing goods out to buyer/customer 	<p>Cost reducing activities</p> <p>Staff reducing</p> <p>Traceability of orders</p> <p>Overview flow and logistics</p>	<p>Timing and follow up</p> <p>Educate staff: customers, producers and partners to use platform</p>	<p>Make sure the business owners and partners agree on what should be the tasks of the network and what should be the producers' responsibilities, to avoid conflict and confusion.</p> <p>Make sure network tasks are included in the business strategy, and that routines are in place to ensure all tasks are being covered.</p>
From customer to business	<p>Expectations: Receiving goods</p> <p>Activity online:</p> <p>Timing and food security Control goods Invoice paid</p>		<p>Flow</p>	<p>As ordered- Delivery by SMS?</p> <p>Agreement- or return Agreement 14 days?</p>
Business to suppliers	<p>Expectations: Payment</p> <p>Activity online: Agreements</p> <p>Return adjustments?</p>		<p>Flow</p>	<p>30 days</p> <p>20-30% mark-up? Incl. distribution</p> <p>Other cost? Marketing</p>
Business	<p>Expectations: Follow-up</p> <p>Activity online: Economy: registration & accounting</p>		<p>Flow</p>	<p>Orders & activities, Costs & payment</p>

Table 20: Example of digitalization and flow from order to payment, including pros, cons and suggestions.



9 KEY PARTNERSHIPS

The company's supplier and partners are usually some of the success criteria for a start-up business. To start up, run or develop an established small-scale local-food distribution organization, business competence is necessary. Collaboration by trusted partners is useful for all businesses but for start-ups and developing businesses, the economy is usually unstable. By solid key partnerships the business can outsource activities or have resources acquired from outside the business to perform the activities. By out or insource key activities to trusted partners, the business risk can be reduced. Most networks have private partners, but some work with official partners as governmental organizations or local communities. The official partners might contribute by competence and strong networks.

Summary of chapter: Possible partners include governmental organizations and local communities on various levels, business development organizations, other food networks, financing institutions, interest organizations etc. These are important to keep close through communication as important resources for the local-food network to succeed. It is not possible to keep all competence, know-how and being updated on relevant information for a small scale-business. A network and producers usually will need information, help in activities or knowledge sometimes and key partnership can handle tasks or provide resources when needed. Continuous relation building and networking is important to keep partner close.

CHAPTER 9 KEY PARTNERSHIPS

Type	Description/Characteristics	Pro	Con	Suggestion
<i>Governmental organizations</i>	Different levels and types. For special competence and know-how for food safety, legal rules and regulations, financing possibilities, administration, courses/ education and network	Network Competence Other resources Power	Complex Slow process Fast changes	Useful and strong partner. Based on needs, choose people or departments for relationships
<i>Local communities</i>	Important partner and for some areas a driving force for start-up of local food networks. Can promote the local-food network in various channels, invite to events and happenings, educational arrangement for all ages and levels	Provides knowledge, network and information Power of promotion	Not flexible Slow processes Changing personnel Low budgets	Great source of information and support. Strong partner and stable advisors, but finances for paying the network for activities are usually low or non existing
<i>Owners</i>	Contribute using time building the business, develop a strategy and advice if necessary. Usually they have both interest and priority for a start-up business, might have useful competence to share.	Useful competence Motivation for success Priority	Strong opinions Time consuming disagreements	Make rules for the business and contracts for cooperation. Useful for development. Can do activities in start
<i>Banks</i>	Financing possibilities Advisors with useful insight and financial tools	Knowledge Network Free advice and courses	Complex Time consuming demands	Choose a good partner, build trust and relation for good advisors.
<i>Consultants and business development organizations</i>	For special competence and know-how, business, strategic, communication, IT, accounting, legal procedures and management competence Specialists in segments	Know-how Available Expert	Expensive Lacking ownership and responsibility for network result	Businesses and producers will need info/knowledge or advice
<i>Key producers</i>	Vary in production size and category, experienced and establishment in a region, Knowhow and network Help in development of product range Distribution and logistics resources	Motivated Knowledge Network	Not developing Not collaborate	Can do distribution Consider the right products and develop new. Know markets and have network. Communication in valid voice, active part in loyalty building. Agreement on Criteria and goal helps joint direction for activities
<i>Distribution companies</i>	Relationship to different deliverers Level based on volume and needs	Flexible Volume Responsible Stable	Expensive Volume and food handling criteria	Build a wide range of partners for different solutions in different periods (right volume)
<i>Other local-food networks</i>	Provide know how and experience, network, advisor and collaboration on various levels	Knowledge	Hidden agenda Competition	Provide know how and experience, can collaborate in many activities, distribution, products, staff
<i>Boards and Advisory board Mentors</i>	Help deciding a strategy (its mandate) including the requirements and expectations of the owner, supporting the leader. Control risks and results and responsible for economy Wide range of competence, good as mentor and advisor	Chosen resources, changeable Broad network Experience	Might cost money Buzzy	Choose by needs: network or competence for a period. Necessary and often a success criteria's also for small scale businesses; Does not need be advanced but manageable at the right level of own business needs for a period.

Table 21: Key partnerships, official and private partners.



10 COST STRUCTURE

The chosen building blocks should all be adding value in own business. By choosing different blocks or solutions, this will form business own cost structure. Customer segment’s interest in the value propositions, result as revenue streams when they pay for the products and services. The most important costs for the network need to be clear, and which key activities and key resources require most costs. By controlling the costs, a business is controlling the result. The network can be sustainable by reducing or by being aware the biggest challenges and costs in detail and pricing according to the customer value the customers are willing to pay for.

10.1 | Most expensive key activities

A sustainable business model needs to be financed on its own. Controlling cost of the value chain, in each step and down to every detail, gives the result of sustainable operations combined with amount of sales. The biggest challenge is knowing actual working hours in every process, which need to be precise, to get an honest calculation of costs. Small businesses and family businesses tend to not calculate all working hours (performed by family members, after hours and in-between). This might be necessary in startup-phase of a business, but not when it’s established in a market.

By knowing basic business knowledge and be in control of finances, expected results are basically known. Operational costs will vary depending on type and level of activities. The value-chain generates income or cost in every step, or as functions working together. Operational costs need to be well known or predicted. As most businesses are digitalization marketing, communication and internal processes, the maintenance and upgrading of the channels probably will be a continuous or step-by-step process for start-ups or small businesses. Maintenance cost need to be calculated in to operation- and longtime budgets. Small family-businesses and start-ups tend to forget staff cost “because we just do our job as usual”. The right salary needs to be calculated and also partitioned into the price of the products and service costs, they need to be covered by fees. For the more developed businesses choosing storage as part of the business, the cost of assets usually is covered, but the cost of having logistics and storage of products is crucial to keep low because it’s not considered as working capital and binding the liquidity.

Summary: All costs need to be categorized reported to be able to prioritize at all stages. Costs are more visible through the network where everything is reported but may be more hidden for individual producers and thereby appear higher through the network. Being in control of the cost’s management can look for the best possible cost solution. Most costs will be proportionally smaller with higher volume of sales.

Monthly budgets and liquidity budgets help controlling day-to day flow of finances, for being sure there are money to pay obligations along the way and when revenue is due for income. Follow up a budget and a liquidity budget, *monthly*. By getting control means information and knowing as much as possible about the challenges a company/ business needs to handle to be sustainable.

CHAPTER 10 COST STRUCTURE

Type	Description/Characteristics	Pro	Con	Suggestion
Marketing activities <i>To customers, future customers and future suppliers</i>	Time used in activities including development or upgrading of logo, also branding material, information sheets, pamphlets, photo bank, taste samples, film etc. Stands, tastings and promotion activities	Important to reach out, cost can be limited depending on activities and level Digital solutions are inexpensive	Might be high and uncontrolled cost Level and price of material Time cost	Need a marketing strategy and budget to control spending. Measure result of activities or feedback from customers to see if costs are generating income
Distribution activity costs	Including customer visits, product transportation from producers to hub/ collection point, product transportation to customer	Many solutions combined for cost control Centralized storage lower distribution and logistics costs and save costs	Time consuming Testing and finding right solutions Wrong staff handling Return	Make overview of possibilities of distribution opportunities and budget different cost vrs volume, staff and time Train staff on food safety
Storage and logistics cost	Storage including hub/centralized storage, content and digital storage solutions	good stock control and logistics systems will help cost control	<ul style="list-style-type: none"> storage spaces can be expensive, especially with low volume transfers poor stock control can lead to wastage and challenge the liquidity 	Find out if your network needs a centralized storage and if it is worth the cost. Make sure you have very good stock control and handling routines to ensure minimum wastage and returns.
Maintenance web channels	<ul style="list-style-type: none"> Website, including domain, design, hosting, upgrades and maintenance. Other necessary programs, such as office packages, order and accounting programs, distribution e-platforms etc. 	<ul style="list-style-type: none"> the costs can usually be justified in increased efficiency well maintained web tools will help marketing and logistics 	<ul style="list-style-type: none"> can be a straining cost for start-ups not always immediately clear how these investments will benefit the company 	Plan the future but invest in what you need right now. Make sure you can expand your toolbox step-by-step, and keep regular maintenance, but be aware of value vs cost
Administration, management and Staff cost	Staff is a vulnerable point and one of the highest sources of costs for a network. Includes wages and social costs, and may also include diet and transport etc.	Correct staffing with high quality personnel will enable the network to work efficiently	<ul style="list-style-type: none"> wrong staff with wrong qualifications can be fatal errors in areas like product labeling can steal unnecessary manual hours 	Make sure you have the right employees. Think about what you can do to make the most out of their time by using digital solutions and good routines. LEAN.
Development cost	<ul style="list-style-type: none"> Development for company/network Some networks help producers develop their business or products, as well as developing their own business activities and skills 	by pooling resources and training into groups the network can save costs for the producers while extending the quality of the products and services	<ul style="list-style-type: none"> Who covers these costs, and how? does it benefit all or just some? is it affordable or necessary for growth at this point? 	Time consuming but necessary activity. Need to be reflected in budget. Identify areas for development that will benefit the income and reduced costs. See if it possible to pool resources to achieve it. Efficient courses

Table 22: Example of the most important operational costs

10.2 | Controlling economy

There are some examples of definition of useful financial models for understanding the cost structure and controlling the costs:

CHAPTER 10 COST STRUCTURE				
Type	Description/Characteristics	Pro	Con	Suggestion
Financing	These building blocs includes an electronic tool for composing different budgets and calculations in Excel. In this model the business will have control over capital needs, costs in each product faces of production, total sales and the business liquidity reserves at a monthly basis. In general, are all fields in blue in the model due to input of variablex that the business must act to find or estimate. Then the model will calculate the rest automatically. <i>(Attachment: Excel models)</i>	<ul style="list-style-type: none"> • highlights important factors such as costs and income. • Includes all "hidden" costs • helps find a business model to fit your activity or to decide which activity fits your network. 	<ul style="list-style-type: none"> • takes an effort to create a proper business model • easy to forget in everyday operations • not always seen as important 	<p>Find relevant finance models that fit your activities and purpose.</p> <p>Use it actively to identify benefits and challenges, use models to handle these.</p>
Budgets: capital, operating and liquidity	A business generally requires a variety of budgets. They may be separated into two categories: a capital budget and an operating budget. The operation budget is in this business model divided into a sales budget and cost budget. For having control over cash flow, the model also includes a liquidity budget	<ul style="list-style-type: none"> • helps identify all hidden costs and incomes • gives realistic expectations • improves liquidity and positive growth 	<ul style="list-style-type: none"> • can be an effort to use • easy to forget and not prioritize among everyday tasks • can become too complicated 	<p>Create and use good budgets from start to keep control over your expenses, expected income and liquidity.</p> <p>Review and adjust on a monthly basis to keep on top of liquidity and positive development.</p>
Accounting	The real purpose of accounting is to help stakeholders make better business decisions by providing them with financial information. It is important to establish accounting principles that are consistent and allows accurate and efficient viewing of company statements and reports over time. To succeed in having good accounting it is recommended to either take a course in accounting or hire a professional accountant in the business to ensure the quality of financial reporting. This point cannot be overly emphasized. Professional accounting in business plays an important role that contribute to the overall stability and progress of the business.	<ul style="list-style-type: none"> • crucial for cost control and liquidity • essential when applying for external funding or loans • credibility 	<ul style="list-style-type: none"> • an expense • can be complicated if necessary, skills are not present • easy to forget the importance • may not be reviewed or used to its full potential 	<p>Accounting is important because it communicates so much of the information that owners, managers, and investors need to evaluate a company's financial performance.</p>

Table 23: Cost structure, most important

For keeping track of finances and controlling economy, there are some examples of definition of financial models: Also see *Excel models* as attachment

Type	Description	Suggestions
1. Sales budget	Plan of probable sales	Be realistic when planning this, its controlling cost of marketing activities result and planned income flow
2. Cost budget	A plan prepared for every major expense category, such as administrative cost, financing cost, production cost, distribution cost ++	Fixed and variable costs, useful to be specific and a post for risk- or unknown costs
3. Liquidity and cash flow budget	Real situation. A measure of the extent to which a person or organization has cash to meet immediate and short-term obligations, or assets that can be quickly converted to do this. The difference in amount of cash available at the beginning of a period (opening balance) and the amount at the end of that period (closing balance) The net amount of cash and cash-equivalents being transferred into and out of own business.	Even with a lot of value in a business as products in a storage, it doesn't help if its not liquid, so planning for liquid is important. Lack of liquidity is often a reason for bankruptcy. For bank when needing money. Month and year, showing changes between a chosen period. At the most fundamental level, a company's ability to create value for shareholders is determined by its ability to generate positive cash flows. Also specifically, maximize long-term free cash flow.
4. Capital and investment budgeting	The process in which a business determines and evaluates potential large expenses or is investments	Useful when planning development and large or long-time investments, if buying a truck or invest in a storage
5. Operational budget	Budget: All activities month to month	Controlling cost of activities and necessary to follow from week to week or month to month, because this will effect the result
6. Calculus distr 7. Calculus sale 8. Cost factors price list	Information for the models 1-5	Be as accurate as possible, the better calculations, the more correct results for the budgets. After experience, the numbers usually get more correct or close to result. Budget need to be very close to actual result.
OTHER		
Income statement	Today's and expecting income. Reporting a company's financial performance over a specific accounting period	Choose a week, month or 3 months use for a season or a year to have an overview
Balance sheet	Situation: A financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.	Be aware this is a snapshot made for your associates: make special for show a season for a supplier or 1-3-5 years for a bank if you need loan or an investor.

Fig 8: Definitions and overview of useful excel models: see Excel models as attachment

Summary: All elements or building blocks in a business result in a cost structure. When the building blocks are chosen, a cost structure need to be developed to control the finances by revealing the most important. Which key activities and key resources require the most costs will vary depending on chosen building blocks (elements) the local-food distribution network finds as crucial to build a business.

An *income statement* is one of the three most important financial statements used for reporting a company's financial performance over a specific accounting period. The other two key statements are the balance sheet and the statement of *cash flows*.

11 | STRATEGY & ORGANIZATION

By finding interesting and suitable building blocks for structuring a local- food distribution network, these can be used to building a strategy. The main building blocks will vary from business to business. By using the elements chosen, the network can decide which organization is most suitable to be a sustainable business. The organization will suit own market and serve the chosen customer segments and solve the needs for the most important customer groups. Communication, sales and distribution are channels value propositions are delivered through to the customers. Establishing and maintaining relationship with each customer segments creates trust and collaboration, and usually long-time business opportunities. If a value proposition is successfully offered to the customers, the result is revenue streams. Being able to offer products and services delivered to solve customer needs, the necessary assets are the key resources. Having key resources, the network can perform key activities. A start-up business might want or need to get resources outside the network and might want to outsource some of the activities to trusted key partnerships. To be in control, a cost structure reflecting activities, resources and revenue streams is necessary. All elements in this document are linked together and a sustainable result is depending on the different building blocks coming together as a whole strategy or business plan for a structured start-up.

11.1 | Strategy

Strategy is an overall plan and usually sets the goals for the next three years. Main goal is to be more or stay sustainable as a business in a changing and developing market. The biggest challenge is to investigate an unknown future and predict what is going to happen around the business and competition. Building framework and goals based on knowledge and what we think is necessary measures to be a robust distribution and local-food business prepare the organization to be viable for the future. Development of a strategy is a useful process to understand own market in-depth, planning a way of solving target groups needs and develop own business opportunities and still controlling the financials. However, the success will only come by following the plan through practical, operational activities.

Strategy is a plan of the most important goals and activities and sets the direction for the next phase. Main goal is to be more or stay sustainable as a business by adapting to a changing and developing market. The biggest challenge is to investigate an unknown future and predict what is going to happen around the business and competition, and then figure where and how to go forward. Building framework and goals based on what we think is necessary measures to be a robust distribution and local-food business. A strategy is usually prepared by a SWOT analysis. For a start-up company the owners develop a strategic plan. Later, when developed as a business, management and board (sometimes owners and staff) participant in this work.

11.1.1 | Competition

To strengthen a local food distribution network, the strategy also needs to be formed based on the competition in the chosen customer segment. In order to determine how attractive a market is and what is the competitive situation in a market, Porters 5 forces analyzing model might be useful. By working through a tool like this, the result may be used as a competition strategy to achieve advantage, growth and higher profitability in the chosen customer segment.

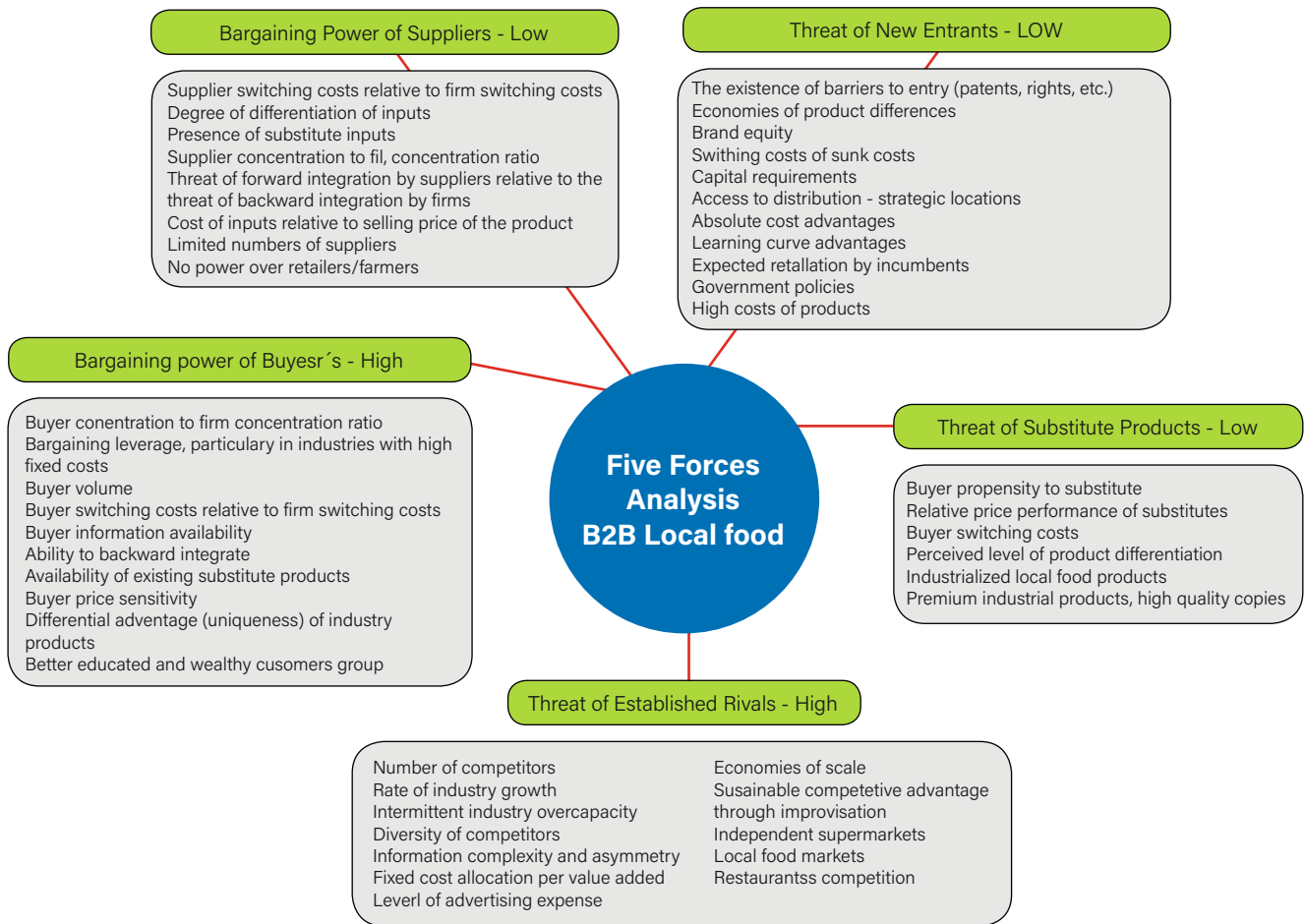


Fig 9: Example of analyzing threats in the market, for developing strategy towards competition.

By analyzing the market's five competitive forces it gives an overview of challenges needing to be considered in own strategy to beat the competition. If changing one of the five forces, it will determine need to choose a different strategic approach to chosen market and customer segment.

- **a) Threats of New Entrants:** Low risk (here). It takes a long time to approach a market, and mainly producers are small scale and unique: collaboration is power. Regulations controls food processes in all countries helps the right approach
- **b) Threats of Substitute Products:** Low risk (here) usually products are unique, have high quality, by handcrafted processes. Industry often compete by “fake” local food/premium products, but customers might not understand this. Local food businesses, producers and local communities need to communicate the differences
- **c) Threats of Established Rivals:** - Higher risk (here). Number of local food manufacturers are growing; collaboration as a solution. Single producer might compete in price, but will not have power and finances to cover bigger areas, marketing activities and reduce costs on logistics and distribution. Make an overview of today's competition and possible future competes in the segment to be prepared to handle this. To be visible: Label, Storytelling, Product sheets, web & social medias. Keeping right price: Controlling costs, choose right customer groups
- **d) Bargain Power of Buyers:** High risk (here). By predicting volume and communicate: Quality and uniqueness. Show the real value of the products for the customer. Marketing/Information: Updated product lists, Season calendar, letters/blogs/social media. Choose the right customer groups and change if necessary. Quality service and creating feeling of exclusivity. Agreements, also longtime. Relationship and trust
- **e) Bargain Power of Suppliers:** Low risk (here). To approach a market, the right products to each customer group need to be attractive. Right pricing tools, added value as problem solver, Service in all of the value chain. Collaboration suppliers; joint activities, information and communication. Building trust.

Summary: By understanding and knowing your local “outside world”, a good approach can be chosen to reduce the risks for own business. By making qualified solutions for future directions and necessary changes towards different markets, segments or customer groups.

11.1.2 | Strategic plan

A strategy plan is an overall plan for development and reaching the goals for the next phase. Development of a strategy is based on the building blocks in this document is a useful process for understanding own market in-depth, planning a way of solving market challenges and target group’s needs, and develop own business opportunities and still controlling the financials.

Based on own products, services and related activities for the customer segments a network is offering, a plan to approach the market in the best way need to be developed. By knowing the competition and challenges in the customer segment it is easier to set goals. The goals are broken down into activities that are carried out during a planned period to a planned extent. Once each activity has been completed, the strategy plan for the current year has also been carried out.

The success might be easier by a structured approach and awareness by planning through practical, operational activities and being prepared for the unexpected. The strategy plan is usually made by a three-year time horizon and might be adjusted every year because of unpredicted challenges or opportunities. The most important activities are based on the strategy, usually planned for one year. All activities and hours spent, are tied to the year’s budget to keep track of realistic amount of development work combined by day-to-day operations. It helps controlling hourly work and variable costs and helps getting better results because of being prepared for future challenges and being ready to take opportunities. Also a long-term budget for the strategy phase is useful (3 years).

If there are staff, they are useful in a planning process (or part of it), because they have the operational knowledge how day-to-day operation function. The most important partners are useful to interview, to develop better joint solutions for both parts. For a small-scale business or a start-up, it is useful to invite everyone for this work, however if it’s a larger organization only a few representatives work together for faster result and still representing all parts of an organization. It’s expensive to do this work because of the hours put in, but the results should cover this in the long term.

External framework: knowing the competition and understand the frame of the customer segment.

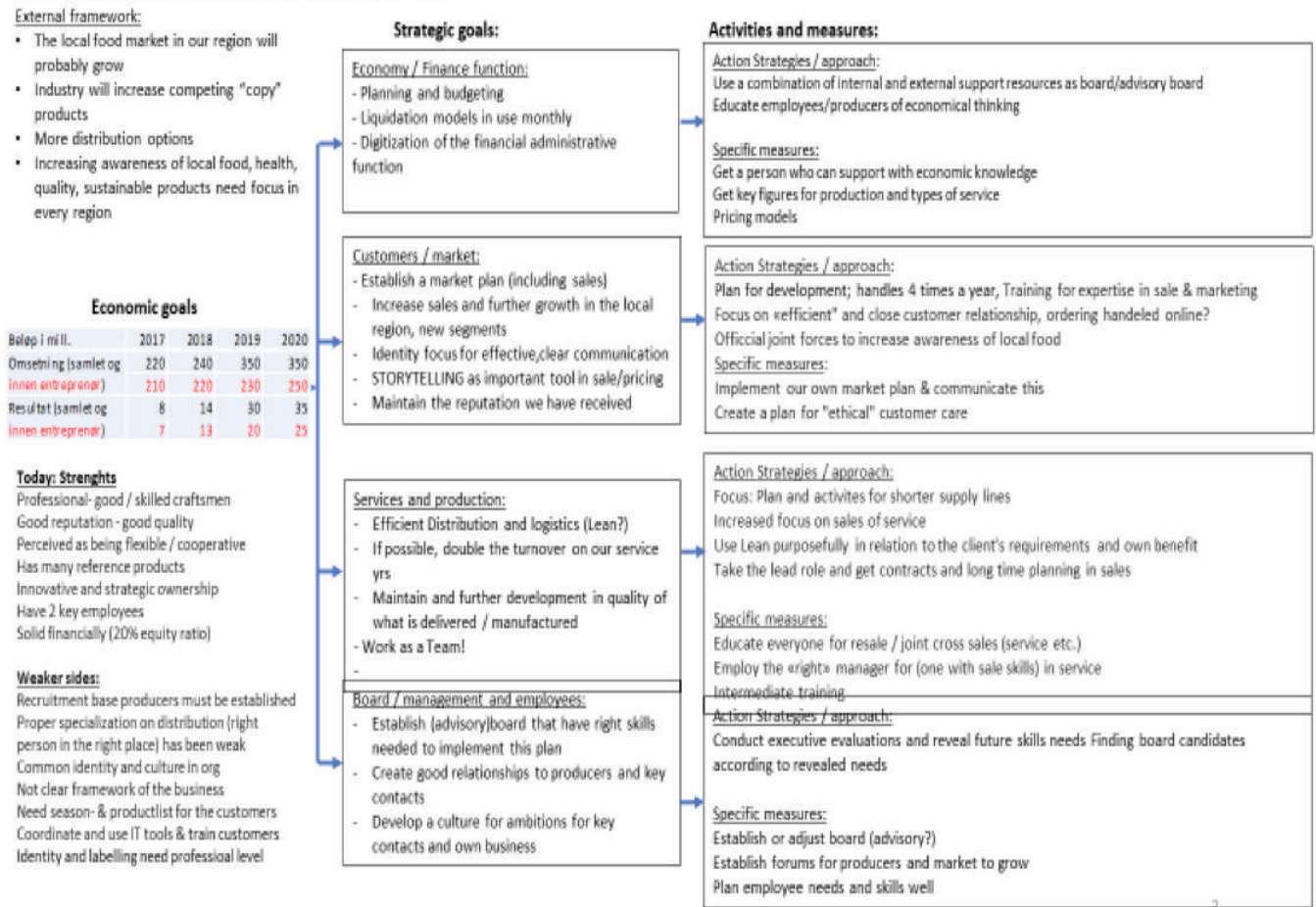
Economical goals: Linked to budget for next phase

Do a SWOT to consider internal strengths and weaknesses and external opportunities and threats¹. *(By analyzing today’s opportunity and consider possibilities for a strategy, a SWOT is a tool is useful. By define S (strengths) W (weaknesses) O (opportunities) and T (threats). An overview of internal and external strengths and weaknesses in own brand or business usually reveals decisions which need improvement. SWOT only in communication and marketing)*

Set strategic goals in the categories as economy, market, production and services and internal resources to handle and control the activities. **Develop activity goals** for each strategic goal, tie to responsible person, timeframe for delivery and budget to each activity to ensure implementation force. Responsible person might be external, staff or others, but chairman of the board or manager need to be internal responsible depending on size of the business.

2. Example: Strategic plan for xxx 2019– 21

Fig 10: example of an overall strategy plan for the next period of 3 years



This example of a strategy shows some goals and activities for a local-food distribution company. However, every business needs to make their own either simpler or more complex strategy, depending on needs and level as a startup. SWOT as a tool helps finding the external framework, strengths and weakness, threats and opportunities. Based on this it's useful to:

- connect strategic goals to finance models to follow the costs being in control of risks
- know competition and own abilities, products and services
- marketing and showing our ability to meet the customer needs
- development of employees/partners

Summary: By making a strategy (a long-term plan) linked to a budget, it gives an overview of the direction the business is heading and the main priorities as customers, marketing and, activities and development/improvements. Strategy gives direction and power for the implementation of the right activities (see Key activities) for added value creation. In addition, short term plans are developed approximate once a year. Short term plans are usually activity-based plans for logistics, distribution or marketing all linked to the finances where predicting financial spending and income: planning this is set in a budget and followed up by a liquidity budget to assure the business have money to pay expenses at all time.

A business providing local food and distribution, gives value to the customers, supplier and the business owners as mentioned above. After choosing the customer groups and understanding the needs to solve for the customers, a sustainable business need goals, a strategic plan needs to be developed and ensure ability to implement the plans to succeed. The plan of action designed to achieve a long-term or overall aim to solve the customer needs by own abilities, can be a definition of a strategy.

11.1.3 | Example of marketing strategy

Every business has a different strategy based on goals, market and expected results as mentioned. Also, level and own ability, advancement and size of business, culture and more need to be considered. An overall strategy might have special strategies for the most important activities as distribution or marketing. By having a market strategy, the visibility through marketing channels and building relationships usually becomes to the point of control through budgets. This is an example of a way of thinking before making a market strategy for the next phase:

MARKET-STRATEGY	EXAMPLE HORECA market	ACTIVITIES: TO-DO Comments
GOAL by 1.1.-2021	The market plan aims to increase value for existing target groups and recruit 1 new target groups as customers, one national customer (Based on main strategy) Competition Communication Branding Plan for progress	Tools: a. Make an overview of today's situation by SWOT on market and target b. Know the competition: 5 forces, consider situation in the world around us c. Plan for each target, channels, services and need of staff. Cost: time, budget, d. New services: digitalization, new logo
TARGET GROUPS Place: base and demography	Today/ existing customers Local: 11 Horeca, 2 Special shops 2 Schools, New: mainly Horeca customers 14 Regional: 2. National: 1 International: xx?	Choose region and size of business, reached by May 2021 Adjusted to size and products/ volume and capability to distribute by quality service More product or higher product volume
TODAY SITUATION	Network members/producers 17 New products: 120 Result: E: 6	SWOT: Describe why, budget and challenges
BRAND	<i>Today situation from SWOT</i> Future needs <i>Use: Define when, where and how</i> <i>Consider quality and visibility</i> <i>Choose materials</i>	Film, photo and text for paper, the internet, social media, printed materials and presentations Brand is through the value chain, also by others linked to the product
MARKET TARGET Position based on products	Goal: <i>New customers New defined areas: xxx</i> <i>Horeca 7</i> <i>Schools 2</i> <i>Special shops 5</i> ----- <i>New producers 7</i> <i>New products 40</i>	Know your products and defining new areas, target groups, customers based on type of products, volume or planned growth and how to meet/reach them In order to fulfill the strategy of positioning throughout own region, planned activities are the main aim of increasing the number of target and new customers.
ACTIVITIES/ Promotion and relationship	Networking through web-based activities Presentations Arrangement: tastings for word of mouth, and promote storytelling by print Branding through storytelling and new marketing material, new logo? Ads in newspapers, magazines, food related magazines	Short film, photos once a week. Service level increased Explain activity: goal and value by To-do-list Mark every activity by: - Numbers: how many times(goal) - Hours dedicated to each activity - Cost - Who is responsible of each activity? - Due date
Other activities	<i>1. High quality guidance for new customers 2. Use of quality and standardized tools. 3. Courses and Workshops, Social media 4. Access new products 5. Connect to network / competence environment</i>	Main activities for increased value creation at new and existing target companies and producers Time plan for activities
BUDGET Price	<i>Based on activities next 18 months</i> 2019: xx 2020: xxx	Calculate budget per activity per year: Need of staff? Investments? Materials?

Fig 11: Example Market strategy

Summary: A marketing strategy is part of the overall strategy, and might be an communication strategy as well. Review the awareness and answers in the planning process as an advantage in marketing and as new possibilities to turn your weakness into new strengths. Be specific and be sure to have measurable goals which need to be partitioned over the next phase or for one year if this is the suggestion for the network. The marketing strategy completed is part completed main strategy, and an important part of development.

11.2 | Organization models

In the process going through building blocks in the Canvas model, usually thoughts are maturing of how own organization model need to be formed as a frame to resolve the challenges for the customers. This is based on awareness for needed form to suit own target market and customer’s needs, based on the key activities and resources the network is able to offer, including own assets and resources to be a sustainable business.

In most cases, the physical and “virtual” infrastructure is already in place, with an unmet demand for locally and regionally grown products for a start-up business. Start-up capital is usually needed to renovate facilities for marketing, aggregation, storage, packing, light processing, and distribution and working capital for business management systems to coordinate supply chain logistics. Development training and technical assistance in digitalization is usually needed to increase capacity to meet target customers/ buyer requirements (volume, quality, packaging, labelling, food safety, etc.). Network is very important to “cut corners” and get into the market as soon as possible, however, in the right way to keep the reputation from the start without breaking the “local rules” or culture.

Choosing the right organization model depends on commitment, level of risk taking for owners, finances locality, culture, market/customer and strategic plans. A development from B2C to B2B is also a natural way of development for some owners. Usually collaboration is the key to succeed, and this can be organized in different models. A local-food distribution network model might have many forms, and by going through a SWOT analysis, the best solution for each owner might be clear:

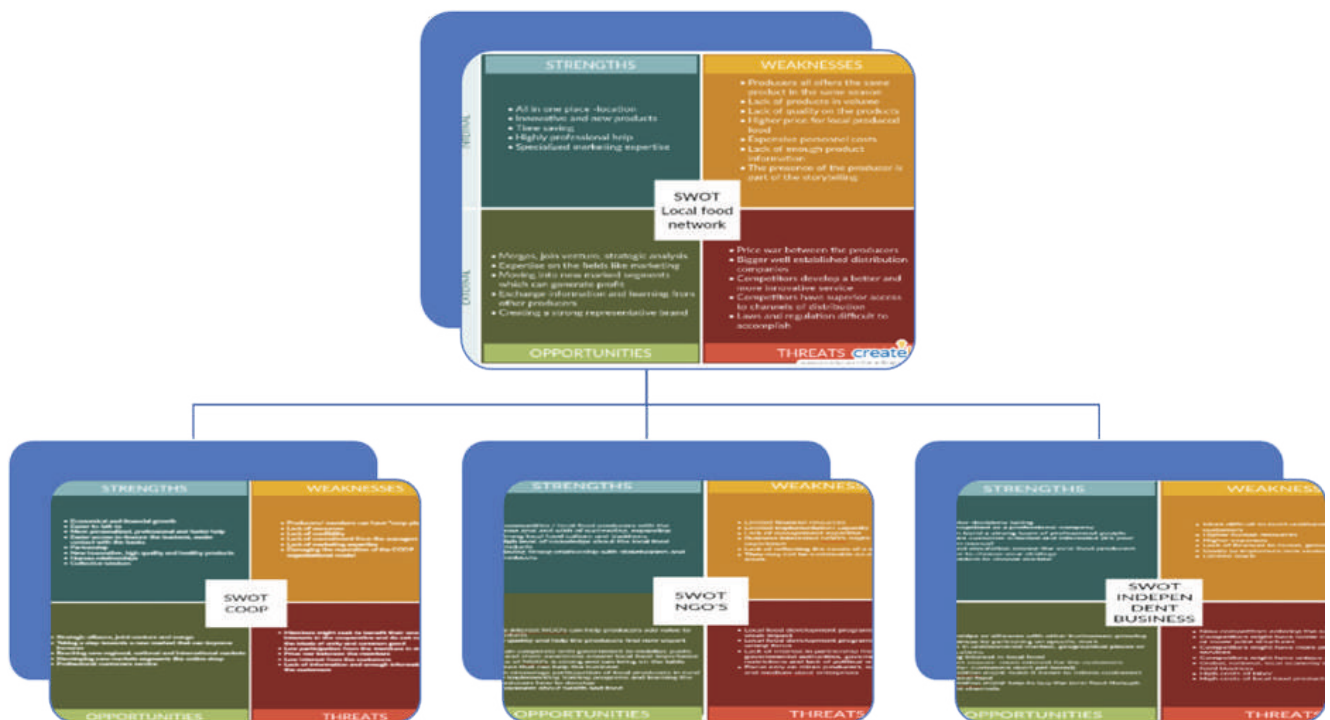


Fig 12: Different organization models based on the main local-food network model

11.2.1 | Local food distributor network model

Variation of this model including a food hub, is the most used model for successful and sustainable local-food businesses. In this model, the businesses focus is selling local-food, handling the logistics and distribution of products. They do not produce the product, but are part of the supply chain, getting the product from producer to the chosen market of target customers as B2B. By using SWOT: Looking into strengths, weaknesses and opportunities and threats for different models of organization a business, is useful for finding out what suits the goals and the future market. A collaboration party might consider different models and try out a couple as a startup and decide to change when the business is more established.

This model is often used by producers wanting to collaborate in marketing, sale and distribution, to enhance the producer's value. This is done by reducing or sharing the high cost and time spent on this kind of work (usually 33-34% of the working time per month). Producers are the key drivers or coordinators to get their product to the market. They may play different roles but collaborate as a network as business for joint opportunities. Producer/Distributor are delivering their own products and products of other producers may have their own trucks on the road or coordinate with different types of carrier. Usually a business like this have a hub, including storage and equipment for repacking. The network can easily add other products and grow when they are established in a market. The network usually has ownership of the product at some stage, although this would depend on the business arrangement with different producers. Agreements for handling, labelling, pricing, invoicing and ownership stage is necessary.



Overview: Fig 13: SWOT of Local-food distribution organization model

This might be a good startup model or in combination with other partners or farmers providing products from others, or a model for companies with one or few owners with a strong and professional management. Producers may also assist in coordinating product delivery to specific drop off points or depots. The distributor then picks up the product and delivers to the end market. They may take on additional roles, such as a broker that helps producers find new markets. Usually they are owned by one owner or by a group of producers. If the network has a hub, the business is in control of the whole value chain (see chapter 8) and this model gives opportunity to build part by part of a value chain and develop slowly as a healthy business. It might be a challenging model for some networks, because this is demanding choosing the right staff.

Example: If the network doesn't have storage or defined location, the drivers must do the repack of the produce. If they don't have the proper knowledge and understanding of the handling demands while they do the repacking of goods "on the road", the quality of product or packaging or labelling might be lower standard than the owners and customer expect. Owners loses control. Secondly, development is a problem if there is only a sales person, and no defined manager and all decisions need to be done by a board or owners, which will take time.

Combining distributing with a food hub offer more than only distribution: A food hub is a business facility with capabilities for aggregation, storage, packing, labelling, logistical coordination, distribution, and marketing services for locally/regionally produced food products. At the same time, their focus is to maintain strong networks or relationships with the producer &/or the broader community through additional services. These could include one or more of the following: producer training, consumer education, regional labeling, wholesale or retail vending space, etc.

1. *Aggregation/Distribution-Wholesale*

- Drop off point for multiple farmers and a pick-up point for distribution firms and customers that want to buy source-verified local and regional food

2. *Active Coordination*

- Hub business management team that actively coordinates supply chain logistics, including seeking market for producers and coordinating efforts with distributors, processors, and buyers.

3. *Permanent Facilities*

- Provide the space and equipment for food to be stored, lightly processed, packed, palletized and possibly even sold under a Hub's regional label

11.2.2 | A non-governmental organization

“NGO -A non-governmental organization (NGO) is any non-profit, voluntary citizens’ group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participations through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Their relationship with offices and agencies of the United Nations system differs depending on their goals, their venue and the mandate of a particular institution”



Fig 14: SWOT of Non-governmental organization

11.2.3 | COOP organizational model

The main goal of creating cooperation / cooperative associations, in most of the countries is to provide help and support for people so that they achieve success in their business without governmental help. For many of the countries in the BSF project, this kind of organization might be challenging. Cooperative with organized producers can strengthen cooperative development activities making the businesses successful and effective, like for example COOP Norge with more than 1.3 million members. In this model all members have an ownership, and there is a defined management and plans. All will be streamlined in the business. A challenge is many owners and how to organize decisions, vote and profit sharing.



Fig 15: SWOT of Coop as organization model

11.2.4 | Independent business organizational model

Independent companies are companies which are not controlled by any others company. It also can be an independent entity which operates independent of the mother company but generates income for the mother company.



Fig 16: SWOT of Independent business organization model

Summary: Local food network distribution models including food hub, is the most complex business arrangements. Due to the diversity of services offered, organizations can vary greatly from one to another. This might be a good solution for professionals, with some business competence. Also, this might be a model to “grow into”, after learning along the way as a startup. Collaboration is a key to success and small scale/ low volume will be a part of something bigger and more professional to enhance the value of the products and increase the access for the target customers.

NGO is a weaker type of organization when it comes to power and communication. A strong focus on the products is good but might be at the expense of building a sustainable business which need other competences also and a stronger management and finances to develop.

Coop is also a good model, but looser in relations and usually based on commitment. Challenging to make decisions, sharing funds and how to manage this type of organization. Also marketing and business experience is not into use as much in this type of organization and the finance is often weak.

The last model as independent business is well structured and well liked as organization, but not as good to focus at the customers, have higher expenses and often lack of finances.

SUMMARY

Local food has a long history in every country and state in the Baltic Sea region. It's a part of the local culture, a bearer of identity by offering different tastes from every place on the map. Food developed by the industry have taken a lot of the customers the last decades, but the interest of local food is generally growing. Both perspective of tourists looking for the uniqueness in an area, and awareness from locals around health & taste are important customer groups.

Building a successful local-food distribution network there are a lot to take into consideration: choosing the target group and investigate the needs for this group which creates value for them. To reach the target group focus on the right channel in marketing and choosing the right distribution channels creates value for the customers, owners and for the producers in the long run. By becoming better and catch the interest from new customer and keeping the loyal customers by appearing interesting as storytellers and visible in a professional way, a small scale local-food distribution network is more prepared for the future. For the B2B the local food marketing channels are mainly farm shops, single retail outlets, with operations concentrated to their own municipality and their own county.

Longtime relationships and loyal customers need to be built over time where communication and building trust by sustainable deliveries are the base. By knowing where the value and income are in the activities, development toward better flow and better value for all parts can be in focus. To be more viable and sustainable the logistics, handling of goods in all the value chain including time and price of distribution rural areas, should be streamlined as well as possible. Every business will fit their local culture but changes usually need to develop towards the future markets and demands. The pride of quality and premium products needs to be reflected by the price (including distribution), and not compared so much towards the food industry. To differ from the industry, communication through storytelling is very important. For the B2B market, a longtime cooperation with the producers is usually vital. Then it is possible to affect and communicate what is sought after in the market and the unique products that pays the producer higher prices.

By getting help from the partners and key resources, a new or small-scale business doesn't need to contribute all activities and knowledge, which is hard if there is no or a few staff members. Partners are usually a great resource base for development and collaboration. By building a strategy for prioritizing development, the framework for the activities needed in the next period becomes clear, and by tie the activities and staff hours to budgets and liquidation budgets, the control of the finances are much more likely to help being viable as a local-food distribution network. By becoming more sustainable and robust as a business, it helps increase the value for the producers and suppliers of local food and keep the target customers and owners happy.

Small scale business offering local food have a hard time being sustainable, and the most important way to success is collaboration. If some or a lot of the activities are joint, the impact on the market is higher and own costs lower, usually with a better result. Collaboration is usually challenging but can be solved by working step-by-step and together with both producers, customers and other local food providers. Goodwill, agreement and strategy is the tools for success. The Success factors to be more sustainable in a demanding local food market, especially in rural areas, are priority of development by the managers/owners; Planning, using tools as e-platforms for streamlining logistics/ distribution and collaborate where it is possible.

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